FINANCIAL TIMES

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Bankers uneasy as Mexican crisis looms, Page 4

World news

Italians refuse to sign EEC reforms

Italy yesterday refused to sign a package of EEC reforms on the grounds that the changes negotiated last year are too modest.

It thus joins Denmark, which is withholding acceptance of the package at least until after a referendum due on February 27, although the Danes consider the proposed changes to be too sweeping. Greece may also refuse to sign but its plans were not clear.

The Netherlands, which currently holds the EEC presidency, intends to go ahead with the package's signing ceremony in Luxembourg next Monday. Page 20

Botha denial

South African Foreign Minister Pik Botha denied he was ready to set a date for the independence of Namibia after talks with a US delegation. Page 4

Iraq fights back

Iraq launched a two-pronged counter-attack against Iranian forces south-west of Basra, amid accusations on boths sides that chemical weapons were being used. Page 4

Paris expels 10

France is expelling 10 of 64 people, mostly of Middle East origin, detained in raids by anti-terrorist police on Wednesday in connection with recent bomb attacks in Paris.

Irish reshuffle

Irish Prime Minister Garret FitzGerald appointed John Bruton as Finance Minister in an unexpected Cabinet reshuffle designed to recharge his coalition Government. Page 2

Bomb found on bus

Two bombs exploded in northern Israel and a third, discovered on a bus, was detonated by an explosives expert. No casualties were reported.

Schools boycott

Black South African pupils staged a mass boycott of schools around Pretoria to mark the anniversary of the first of 1,100 deaths in two years of nationwide riots.

747 part found

UK aviation officials, ordered a check of all Boeing 747 jets at London's Heathrow airport after a piece of engine was found on a runway.

SA police criticised

A US Government human rights report said South African police used excessive force against black protesters. It also said serious human rights violations took place in the Philippines but pointed to "some positive developments". Page 4

Holiday centre blast

A bomb and fire attack, believed to have be launched by separatist militants, on a Club Mediterranée holiday village in southern Corsica caused $207,000 worth of damage but no casualties.

S. Korea crackdown

South Korea, which is holding leading dissident Kim Dae-jung under house arrest, barred opposition members and dissidents from their offices in a crackdown against a campaign for election reforms.

Duvalier digs in

France has formally asked Liberia to grant asylum to ousted Haitian President Jean-Clande Duvalier but an aide said be and his family want to stay on French soil and will not leave unless forced.

Soldier killed

A British soldier was killed and four others injured in an explosion during winter exercises in Norway.

Business summary

Chrysler and Ford join car profit slip

BIG THREE US motor groups, General Motors, Ford and Chrysler, suffered a 17 per cent fall in combined earnings last year after strikes, discount campaigns and product launches. Page 21

BRITAIN'S Securities and Investments Board will be given the power to change the rule books of proposed self-regulatory organisations such as the London Stock Exchange without first obtaining a court order. UK Government promised the change after pressure from Conservative MPs. Page 8

WALL STREET: At 3pm the Dow Jones industrial average was 0.92 higher at 1,630.85. Page 42

LONDON: Equities adopted a more leisurely upward bias while gilts were lower. The FT Ordinary share index reached a record 1,212.5, up 3.9, and the FT-SE 100 was 3.5 higher at a record 1,473.5 Page 42

TOKYO: Stocks fell for the first time in 10 sessions. The Nikkei average was off 6.78 at 13,293.80. Page 42

PARIS stocks, boosted by strong foreign demand and the dollar's decline, showed a fourth consecutive record advance. The CAC General index topped 300 for the first time, closing 2.9 up at 300.3. Stock market reports, Page 42

DOLLAR remained weak in London, falling to DM 2.348 (DM 2.367), SFr 1.9445 (SFr 1.9675), FFr 7.2225 (FFr 7.2825) and Y182.15 (Y186.8). On Bank of England figures the dollar's exchange rate index fell to 121.0 from 121.5. Page 35

STERLING gained 60 points against the dollar in London to $1.418 but fell to DM 3.33 (DM 3.3425), SFr 2.7575 (SFr 2.7775), FFr 10.2425 (FFr 10.255) and Y258.25 (Y263.5). The pound's exchange rate index fell 0.3 to 73.7. Page 35

GOLD fell $1.75 on the London bullion market to $334.75 and was $2.55 lower in Zurich at $334.50. Page 34

WESTLAND chairman Sir John Cuckney is to be asked to give evidence to the London Stock Exchange inquiry into share-dealing in the UK helicopter company. Page 9

IMPERIAL Group, which is fighting a £1.8bn ($2.5bn) bid from Hanson Trust, forecast a 23 per cent increase in full-year taxable profits. Page 23; Lex, Page 20

FERMENTA: Refaat el-Sayed, managing director and majority shareholder in the Swedish biotechnology and chemicals group, admitted last night that he bad lied about his academic qualifications in information given to investors. He said that he had no doctorate qualifications, either from Swedish or US universities.

ABBEY NATIONAL Building Society launched a £200m ($280m) five-year revolving credit facility in the Euromarkets, believed to be the largest such deal by a British building society. Page 23

FINANCIERE Credit Suisse-First Boston, market leader in Eurobond issuing, saw a fall in consolidated assets, largely due to a slowdown in floating rate note and certificate of deposit business towards the end of the year. Page 23

OLIVETTI, leading Italian office automation group, expects to raise up to L630bn ($393m) from its planned 10-year 3.5 per cent Swiss Franc bond issue with warrants. Page 21

PHILIPS, Dutch electronics group, is ending production of its loss-making V2000 video cassette recorder after an almost six-year unsuccessful struggle to gain enough market share to compete with Japan. Page 21

VOLVO of Sweden is now in the running to take over Leyland Bus from Britain's state-owned BL. Page 9

Saudis will pay with oil for £4bn UK aircraft deal

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

THE BRITISH Government is close to finalising details of its biggest ever arms export deal, won after tough competition with France last September.

The £4bn ($5.6bn) agreement to sell 132 fighter and trainer aircraft to Saudi Arabia will be paid for almost entirely in oil under arrangements involving Shell and BP and Aramco, the US nil group operating in Saudi Arabia.

The deal is being concluded despite the current oil price war. Officials maintain that the arrangement should have little or no effect on the already depressed oil price, since crude oil will be lifted from within the Saudi Arabian Opec production quota and will be absorbed into Shell and BP's refined production.

It is understood that the oil will be lifted over three years at a rate which would be expected to cover the £4bn plus cost of the aircraft in the first phase of the project.

Outline agreement for the sale of the 132 aircraft was signed in September by Prince Sultan bin Abdul Aziz, the Saudi Defence Minister, and Mr Michael Heseltine, then British Defence Secretary. The deal was then said to be worth some £3bn to £4bn with oil described as an element to be involved in payment arrangements.

Negotiations over the past few months have resulted in an agreement covering oil, and are expected soon to result in the signature of about a dozen formal contracts between the two governments. These will cover the sale of the aircraft, was well as their weapons, support and maintenance and a big training programme.

The basis of the oil deal is the North-West Europe netback – the spot price minus the cost of refining – although it is understood some of the oil may be sold elsewhere.

The oil deal is the subject of an agreement between Shell and BP and Aramco which was signed at the end of last month. The first shipment, worth some £20m, is understood to he arriving in Europe shortly. There is a parallel agreement between the Saudi and UK governments, through their ministries of defence.

British Aerospace, the industrial prime contractor for the whole deal, has its own agreements with the British Defence Ministry, from which it will receive payment. The company is understood to have received an initial cash payment of some £50m, part of a small cash element in the aircraft deal.

The agreement involves the sale of 48 of the strike version of the three-nation Tornado fighter bomber and 24 of the air defence variant. The first four of 20 Tornadoes – originally destined for the RAF's planned new reconnaissance squadrons – will be delivered by the end of next month. Two more will be delivered in April and the balance in 1987. The remainder of the Tornadoes should be delivered by 1989–90. The other aircraft involved are 30 Hawk advanced combat and trainer aircraft, and 30 Swiss built Pilatus PC 9 trainers for delivery by 1989.

The deal is the largest military export contract ever concluded by the UK, involving not only British Aerospace but substantial numbers of sub-contractors. Officials estimate the deal will be worth some £8bn or more over the longer term.

Defence Ministry officials say that initial fears that the RAF would suffer as a result of the diversion of its aircraft were unjustified. It has now been agreed that the Tornadoes will be replaced within the next three to four years at no extra cost to the defence budget.

Short-term pressures on the RAF, which is involved in a major training programme, could prove acute but officials hope that the experience gained by the RAF and industry as a whole will lead to further exports deals.

There are currently hopes of sales of some 40 of the Anglo-German-Italian Tornado to Turkey, although these aircraft would be most likely to come off the Italian or German production lines rather than the British.

US oil groups' austerity, Page 4; Lex, Page 20

No Mexican aid without economic reform – US

BY STEWART FLEMING IN WASHINGTON

MEXICO will have to demonstrate a commitment to fundamental economic reforms before the US and international institutions agree to lend it more money, according to a senior US Treasury official.

The official firmly denied that the US is working on an emergency lending package to help Mexico overcome serious economic problems, brought on partly by falling oil prices. He agreed that funds might be available to bridge the gap between agreement on new economic policies and the disbursement of funds from the International Monetary Fund and the World Bank, as is customary in dealings with debt-burdened countries. But be stressed that the US does not believe, given the current level of oil prices and Mexican foreign exchange reserves, that "anything like that is needed or would he needed."

The US Administration believes that at current oil price levels, Mexico's new money needs this year are in the order of $4bn if it also adopts structural economic reforms and cuts imports. "We think the figure of $4bn is still reasonably achievable unless prices begin falling to $15 a barrel," the official said.

He warned that ideas being floated by Mexican officials – for example that the country might need close to $9bn of new money in 1986 or that banks should consider cutting interest rates on its debt to 6 per cent – are "not helpful."

If such ideas had the effect of driving banks out of lending consortia it would be quite negative, especially because Mexico has an interbank facility which is vulnerable to bank departures. "The big banks," be said, "have a real problem. Some of the smaller banks, I am sure, will be accelerating their departure from Mexico."

The Treasury officials remarks make clear that the US is deeply worried about its strategically-placed southern neighbour, but is insistent that Mexico make a credible commitment to economic reform. "They have not done enough – they understand that," he said.

"Nobody is inclined to put together an emergency package, the purpose of which is to go on financing an unreformed economy," be said. Substantial World Bank loans are under negotiation and IMF funds

Continued on Page 20

Debt crisis looms, Page 4; Lombard, Page 19

Daimler-AEG merger approved

BY JOHN DAVIES IN FRANKFURT

THE WEST German Cartel Office yesterday gave the go-ahead for Daimler-Benz, the motor vehicle group, to take control of the AEG electrical concern after receiving assurances thet some business interests would be sold off.

To meet Cartel Office terms, AEG is to sell its stake in a loss-making electrical transformer company. It must also withdraw in 1990 from a French-West German consortium formed to seek contracts in communications satellite technology.

The Cartel Office decision is a landmark in the controversial field of corporate merger policy in West Germany because it clears the way for creation of the country's biggest industrial group with sales of well over DM 60bn ($25.4bn) a year.

Daimler-Benz, which took a 24.9 per cent stake in AEG last October, now will increase its holding to 58 per cent. The takeover will cost it a total of DM 1.77bn.

The Cartel Office had been expected to approve the takeover, as size alone is not a legal justification to block such a move.

Daimler and AEG have argued that the takeover would not reduce competition in any markets. But the Cartel Office has insisted that they underline this by selling off their stakes in certain joint venture companies which also embrace competitors in the electrical and aerospace business.

AEG has been given until the end of 1988 to sell its 25 per cent stake in Transformatoren Union (TU), the struggling electrical transformer maker. Siemens, West Germany's biggest electrical company, owns the remaining 75 per cent stake.

By the end of this year AEG is also to sell its 25 per cent stake in ESG, a company involved in defence electronics, and its 50 per cent stake in Viscom Ton und Video-Verteilersystem, a radio and TV antenna company.

Its partners in ESG are Siemens, Standard Elektrik Lorenz (a subsidiary of ITT of the US), and Rohde and Schwarz, each with a 25 per cent stake. Its equal partner in Viscom is Bosch, the automotive parts and electronics group.

In addition, AEG is to withdraw from the Eurosatellite Gesellschaft für Satellitentechnik once contracts between the French and West German consortium members run out in 1990. AEG has a 24 per cent stake in the consortium, formed in 1978 to sell communications satellite technology.

The problem, in the Cartel Office's view, is that MBB, West Germany's biggest aerospace group, is also a member of the consortium. But Daimler-Benz already owns a majority of Dornier, another West German space reseach group.

The Cartel Office feels that, even though the communications satellite business is an international

Continued on Page 20

Sweden to close its last merchant shipyard

By Kevin Done in Stockholm

THE SWEDISH Government is to close the country's last remaining merchant shipbuilding yard, Kockums, in southern Sweden, with the direct loss of around 2,200 jobs.

The announcement, which comes barely two months before the Uddevalla merchant shipyard is due to close with the loss of 2,400 jobs, marks the end of an era for Sweden. Little more than a decade ago it was the world's second largest merchant shipbuilding nation after Japan, but it has been forced to make savage cuts in capacity in the face of the prolonged world shipbuilding crisis.

The blow of the Kockums closure was softened, however, by the parallel announcement that Saab-Scania, the Swedish automotive and aerospace group, is to build a new SKr 3bn ($401m) car plant at the site. First production is due to begin in 1989 and is planned to rise to an assembly capacity of 90,000 cars a year by the mid-1990s.

Mr Thage Peterson, the Swedish Industry Minister, said yesterday that the state had committed more than SKr 35bn in state aid to the shipbuilding industry in the past 10 years, but there was still no prospect of building merchant ships on a commercial basis before well into the 1990s at the earliest.

Production of merchant vessels at Kockums would need aid of around SKr 500m a year for the foreseeable future. "Resources should be put into sectors with better prospects, not into an industry which has no customers and no orders," he said.

Plans for the car plant were announced in conjunction with an SKr 800m state aid package for the Malmö region, which has been one of the areas hardest hit by shipyard closures and crises in other industrial sectors, with the loss of 7,000 to 8,000 industrial jobs in the last 10 years.

Unemployment is close to double the average for the rest of the country at some 5.7 per cent, and unemployment, including all those on labour market support schemes is around 8 per cent.

About 600 jobs will be maintained at the Kockums yard, in naval shipbuilding, chiefly for the production of submarines. Swedyards, the state shipbuilding group, is to develop Kockums as a centre for underwater technology.

Continued on Page 20

Kockums bows to the inevitable, Page 2; Saab's plans, Page 21

Enichem-ICI link will cut PVC capacity

BY ALAN FRIEDMAN IN MILAN

ENICHEM, the Italian state-owned chemicals group, and Britain's ICI yesterday unveiled plans to merge their loss-making vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) operations in Europe.

The merger will create a company with close to 25 per cent of the European PVC market, overtaking Solvay of Belgium in size to become the largest in Europe and roughly equal in size to B. F. Goodrich of the US, the largest in the world.

ICI and Enichem are to create a new 50-50 joint company to be known as European Vinyls Corporation (EVC). Its head office will be in Brussels.

The merger, the fruit of more than a year of detailed negotiations, represents a significant rationalisation of the European PVC industry, which is suffering from 15 per cent overcapacity.

ICI will cut 100,000 tonnes of PVC capacity by closing down older activities at Hillhouse in the UK and Waldshut in West Germany. Enichem is to close PVC plant capacity at Porto Marghera near Venice and at Brindisi in southern Italy, with the elimination of 200,000 tonnes of capacity. The effect nf these closures will be to reduce by half the total overcapacity in Western Europe.

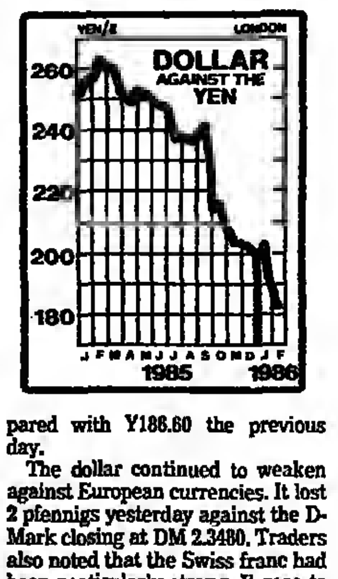
About 1,300 jobs are expected to be eliminated as a result. Enichem will make about 1,000 of these cuts in Italy. At ICI, some 80 jobs will go at Hillhouse and 80 at Waldshut. Other related cuts could bring the ICI total to 300. Enichem, but not ICI, will also reduce VCM capacity. VCM is an intermediate stage monomer used to make PVC.

Continued on Page 20

Background, Page 21

$ slide prompts concern

By George Graham in London and Carla Rapoport in Tokyo



THE DOLLAR took another tumble on foreign exchanges yesterday, falling to its lowest level against the yen for seven years. The speed of its drop in the last week has aroused fears that a continuation of the slide could disrupt the world economic recovery.

Finance ministers of the leading industrial nations agreed last September to bring the dollar down against other currencies, but some are now beginning to show concern that it may be falling too fast.

Mr Gerhard Stoltenberg, the West German Finance Minister, warned yesterday in a newspaper interview that too sharp a fall in the value of the dollar could raise inflation in the US and cause problems for the world economy.

Other European central bankers also said that a fast and disruptive move was a matter of concern, but they said the remedy lay more in adjustments to US domestic policies than in setting a target value for the dollar.

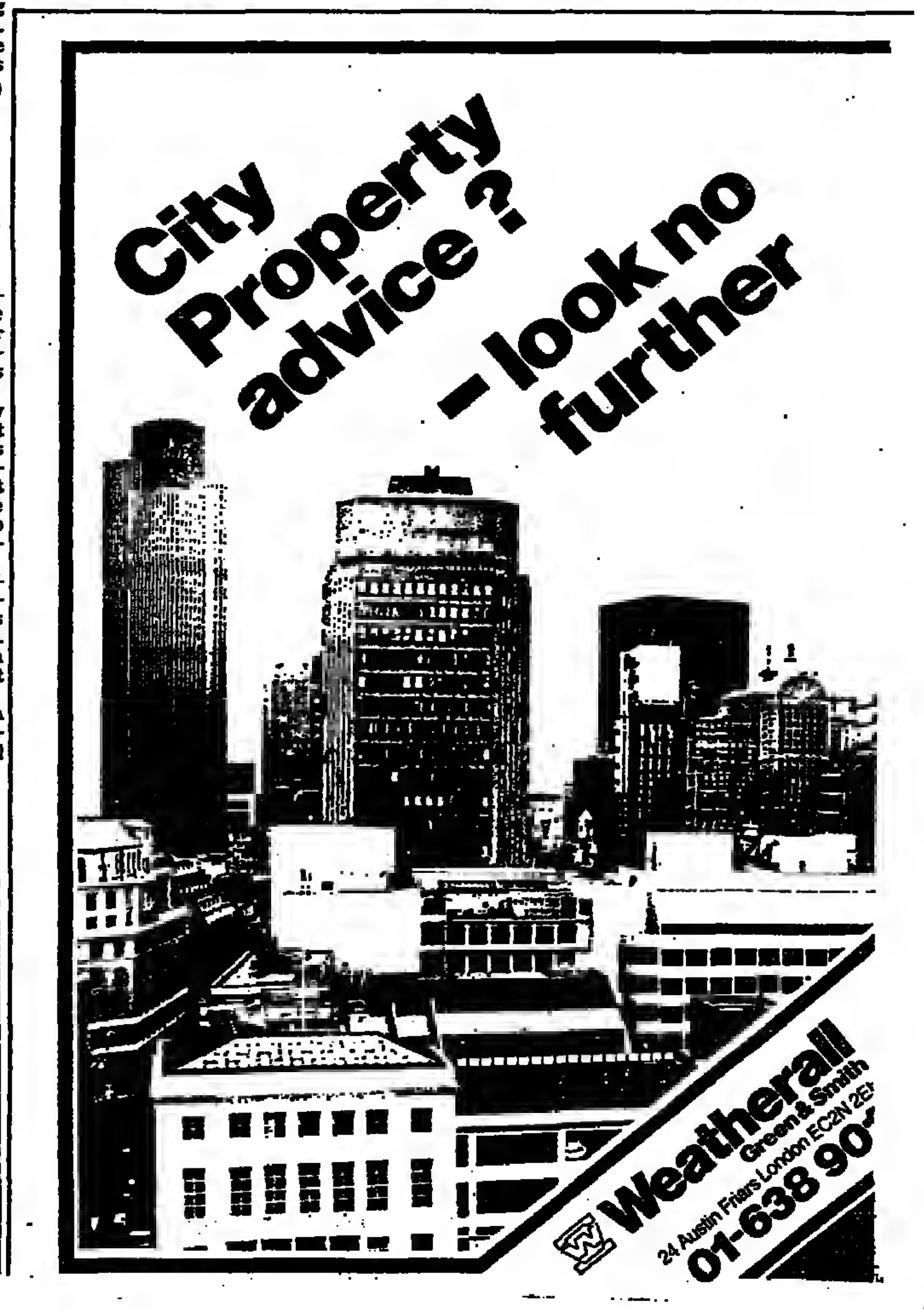
The dollar fell Y3.05 in Tokyo's busiest trading day on record, with volume reaching $5.3bn. The dollar suffered further falls in European trading, closing at Y182.15, compared with Y186.60 the previous day.

The dollar continued to weaken against European currencies. It lost 2 pfennigs yesterday against the D-Mark closing at DM 2.3480. Traders also noted that the Swiss franc had been particularly strong. It rose to SFr 1.9445 against the dollar, compared with SFr 1.9675 the previous day.

Sterling, which has suffered from fears over the falling oil price, gained only slightly against the dollar, closing in London at $1.4180. The Bank of England's trade weighted index fell 0.3 on yesterday's close, ending at 73.7.

Meanwhile, Mr Satoshi Sumita, governor of the Bank of Japan, yesterday responded to a question about the yen's strength saying that the positive aspects, such as lower costs of imported materials, should not be overlooked. He had said last week that he thought the yen had been rising a little too fast.

Currencies, Page 35



CONTENTS

EUROPEAN NEWS

Dutch trade surplus shrinks 14%

By Laura Raun in Amsterdam

THE Dutch visible trade surplus shrank 14 per cent to Fl 10.1bn (£2.7bn) in 1985 from Fl 11.8bn the previous year, the first drop in four years as imported goods were sucked in

The decline in the trade surplus is viewed positively. Many of the growing Dutch imports are investment goods or raw materials fuelling the modest economic recovery. Imports of machinery, organic chemicals and plastics all grew 16 per cent or more.

Exports rose 7 per cent in 1985 to Fl 225.6bn, while imports grew 8 per cent to Fl 215.5bn.

In December 1985, the trade surplus surged 73 per cent to Fl 1.9bn from Fl 1.1bn in November. Exports dropped 23 per cent to Fl 14.8bn in December while imports fell 29 per cent to Fl 12.9bn.

West Germany remained the Netherlands' most important trading partner, with nearly one-third of exports going to West Germany

● Reuter adds from Oslo: Norway's oil production is set to rise by at least 10 per cent this year despite calls from the Organisation of Petroleum Exporting Countries Opec for restraint or cuts in output to stabilise tumbling prices, the Oslo daily Aftenposten said yesterday. It said Norway would produce some 890,000 barrels of crude per day this year

Kockums bows to the inevitable

BY DAVID BROWN IN STOCKHOLM

IN ITS glory days as the flagship of the Swedish merchant shipbuilding industry, Kockums once topped the global league in new launchings and vessels delivered.

The yard emerged in the early 1970s as the world's leading builder of very large and ultra-large crude carriers. It did this with virtually unmatched productivity — at one point turning out a supertanker once every 40 working days.

At its height in 1973-74, Kockums could boast the world's biggest order backlog: 6.3m deadweight tons. "Buyers were lining up at our front door," said one spokesman wistfully.

Then came the world oil price explosion which ripped the bottom out of the tanker market and threatened the basis of Kockum's existence. Ever since, the company has moved from one "make or break" order to the next.

"We have been living with the rope around our necks for a long time," said one top executive recently, looking at the yard's towering 1,600 tonne gantry crane which threw a long shadow over the heart of the town of Malmo."

Yesterday, after years of alternating hope and despair, the noose finally jerked tight around Kockums and with it the entire Swedish merchant shipbuilding industry. It is bitter medicine for what was once one of the world's premier maritime nations, second only to Japan.

Few other shipbuilding nations have reduced so much capacity so quickly in a desperate attempt to keep afloat and turn a profit on a commercial basis. In 1977, the Swedish Government took over most of the country's private shipbuilding yards, reeling from the oil shock and on the verge of bankruptcy, and began a painful and expensive restructuring.

Since then decisions have been taken to close three large west coast yards: Eriksberg, Oresund and, most recently, the Uddevalla tanker and bulk carrier producer.

The overall workforce in the Swedish group, of which Kockums is the last merchant shipbuilder, has been slashed by two-thirds to some 11,000 people. It was hoped that, by selective shutdowns and capital injection for the remaining operations, the group could better position itself to compete on the world market.

But the market failed to live up to expectations, demand continued to plummet, excess capacity grew and losses mounted. The group has lost an astonishing SKr 10.3bn (£976m) on combined turnover of SKr 51.4bn since 1977. Ships were built for stock and never sold. Of 145 launches, between 60 and 70 vessels have had to be repossessed when customers could not pay.

Patience and sympathy in the Government finally wore out. In 1983 legislation, the Governmnet stipulated that the yards would have to turn a profit this year or face an end to government aid and closure.

Kockums staked its future on the production of technically advanced ro-ro (roll on-roll off), cruise and container vessels.

After a series of shutdowns—it cut its workforce from some 6,00 in the 1970s to 2,800 today—the remaining facilities are among the world's most efficient. But even for such specialised vessels the market remained brutal.

In the last three months, Kockums has seen a number of key orders slip through its fingers. Protectionism, combined with foreign government subsidies of as much as 50 per cent, have battered all remaining hopes.

Late last December, Swedyard announced it has concluded that continued merchant shipbuilding on "commercially acceptable terms" was impossible. Without some SKr 200m in goverment subsidies annually, Kockums said it would be forced to close.

Some 600 of the Kockums workforce is still profitably engaged in the production of technically advanced conventional submarines for the Swedish navy and some export markets, an activity which is to be continued and developed.

But yesterday's decision in Stockholm represents a long delayed coup de grace for the rest of the shipbuilding activities.

The total SKr 35bn cost to the Swedish Government of this nine year exercise should offer a sober lesson to decision makers in other European government ministries and shipyards.

> ' Yesterday, after years of alternating hope and despair, the noose finally pulled tight around Kockums and with it the entire Swedish shipbuilding industry. Few other shipbuilding nations have reduced so much capacity so quickly in a desperate attempt to keep afloat and turn a profit on a commercial basis '

Salem's captain jailed

A GREEK sea captain who admitted sinking a huge oil tanker in what has been called the biggest shipping fraud in history was jailed for 12 years yesterday on charges of causing a shipwreck and embezzlement, Reuter reports from Piraeus.

Dimitris Georgoulis, 49, was captain of the 92,228-ton Salem which sank off west Africa in January, 1980, shortly after it had delivered 180,000 tonnes of oil from Kuwait at Durban, South Africa, in defiance of sanctions.

He reacted calmly to the verdict and said he would appeal. In his defence, he had denied embezzling oil.

Georgoulis said he believed that Shell Oil Company and the defunct Italian oil company, Pontoil, which he said were under contract to procure oil for the Italian state, were party to and not victims of a sanctions-busting oil delivery

The indictment accused Georgoulis of taking part in the theft of oil from Shell, saying the oil giant was the rightful owner of the cargo he unloaded in Durban at the end of December, 197., and that he acted again Shell's orders in unloading it.

But Georgoulis told the court: "It was Shell's oil. We unloaded it at Shell's installation in South Africa."

Bruton moves to finance in Irish cabinet reshuffle

BY HUGH CARNEGY IN DUBLIN

MR JOHN BRUTON, a tough 38-year-old economist, was yesterday appointed Irish Finance Minister to replace Mr Alan Dukes in an unexpected cabinet reshuffle by Dr Garret FitzGerald, the Irish Prime Minister.

None of the 15 ministers were dropped from the Fine Gael-Labour coalition cabinet, but Dr FitzGerald shifted responsibilities between nine of them in an effort to recharge the Government, which has flagged badly in recent opinion polls.

Mr Bruton was Finance Minister in a previous short-lived coalition which fell in early 1982 when the Government lost a vote on a budget which produced huge public outcry for taxing children's clothing and footwear.

A strong advocate of the present Government's tight austerity policies, he has been a member of the Dail (lower house) since 1969 and is regarded as a close economic adviser to Dr FitzGerald. He now has the task of carrying economic policy into the next election, due sometime next year.

Mr Dukes moves to the Ministry of Justice, where he takes over from Mr Michael Noonan who in turn assumes responsibility for Industry and Commerce from Mr Bruton. Only two weeks ago Mr Dukes presented his fourth budget in which he shifted emphasis from direct to indirect taxation but maintained the Government's tight hold on spending.

He had increasingly taken the brunt of public anger over high taxation and the move is seen as a deserved break for him rather than a demotion.

Mr Peter Barry, Foreign Minister whose responsibilities include joint chairmanship of the Anglo-Irish conference, was not affected by the changes.

As Mr Burton took over at the Finance Ministry the latest review of the economy, by Coopers and Lybrand predicted an improving overall picture in Ireland over the next four years, but with continued increases in unemployment and growth rates held back by the heavy foreign debt burden.

Coopers and Lybrand said unemployment, now 240,000 or 18 per cent of the workforce, was set to rise by 3.5 per cent this year after a 7.7 per cent increase in 1985. The rise in the labour force would outstrip new jobs by about 4,000 a year up to 1990.

Gross national product (GNP) was likely to grow by 2.1 per cent this year compared with the dismal 1985 outturn of just over half a per cent. Over the next four years, the report predicted average annual GNP growth of 2.4 per cent, but this would be below the OECD average because of Ireland's foreign debt commitments.

A fall in net outflows brightened the balance of payments outlook, leaving a deficit this year of I£ 310m (£280m) compared with I£450m in 1985 and I£ 837m in 1984.

Overall, exchange rate and oil price trends posed major uncertainties for the economy, the report said.

Call for investigation into Spanish holiday home fraud

BY DAVID WHITE IN MADRID

A CAMPAIGN is under way in the European Parliament to combat fraudulent sales of holiday and retirement homes in Spain, believed to involve several hundred million pounds.

Mr Edward McMillan-Scott, a British Conservative Euro-MP, said after a meeting with Spanish and Danish colleagues in Madrid that the three groups would work together to press for an investigation by the parliament, with the aim that this should lead to a blacklist being drawn up of estate agents alleged to have defrauded would-be buyers of Spanish property.

Claiming that the fraud cases, most of them involving non-Spanish property companies, ran into tens of thousands, Mr McMillan-Scott said an investigation appeared to be the only way foreign purchasers could hope for redress or protection.

In some instances, the same property had been sold dozens of times over, he said. Apparently valid property deeds were found to be worthless because they had not been officially registered in Spain. Many British buyers had been persuaded they could save on tax by paying for their Spanish flats or villas in the UK, often in breach of the law.

Besides Britons, Spain also has large colonies of Germans, Dutch and Scandinavians.

Mr McMillan-Scott produced an example of a phony sales leaflet issued by a London company, in which he said the photographs of property on offer had been lifted from another company's brochure.

He said he had discussed the issue with a senior Spanish consumer affairs official, who had promised to collaborate with the tourism and housing authorities to try to combat confidence tricksters. He had also urged the European Commission to draw up a guide for buying property in the Community.

Mr Per Svensson, president of Spain's Foreign Property Owners' Institute, said there were now about 50,000 new purchasers a year—up to half of them British—and that one in 10 met with serious problems and almost one in two with problems of one sort or another.

Danish civil servants 'misused' claims Opposition

BY HILARY BARNES IN COPENHAGEN

DENMARK'S Opposition Social Democratic Party has accused the centre-right Government of misusing civil servants for political ends as the campaign ahead of Denmark's February 27 referendum gets into its swing. Voters in the referendum will be asked to accept or reject reforms of the EEC agreed by the heads of government in December.

A crucial ambiguity about what the referendum is really about has led to a mutual exchange of abuse between Prime Minister Poul Schlüter and his ministers and the Social Democratic leaders.

According to the Opposition, the referendum is about the reforms and nothing more. "The referendum is over the reforms and will not affect our membership of the Community. The other members may be irritated with us for a while, but within a few months it will all be over and forgotten," according to Mr Ivar Nørgaard, the Social Democratic market affairs spokesman.

It is formally correct that the referendum is about the reforms, but Mr Schlüter argues that in reality "it is our membership of the EEC which is at stake. If we say no to the reforms we are taking the first step out."

The campaign controversy this week has focussed on two papers prepared by senior officials in the central administration. The first analyses the economic consequences of Denmark's withdrawal from the EEC, the second analyses the more immediate consequences of rejecting the reforms.

"The papers were written at political direction," accused Mr Svend Auken, deputy chairman of the Social Democratic Party. "This is an abuse of the civil service for political ends."

The first paper pointed out that withdrawal would have catastrophic consequences for agriculture and fisheries and related food processing industries, which together account for about a third of Denmark's merchandise exports. These products would be denied access to community markets and would lose the EEC export subsidies.

The second paper argued that Denmark will be subjected to mounting political and economic isolation in the Community if it turns down the reforms.

"An interesting paper," said Mr Auken in a clash with the Prime Minister in the Folketing (parliament) on Wednesday. "Officials explain in this paper that the other members cannot throw us out of the Community for saying no."

Denmark's current account deficit soared to a record DKr 28bn (£2.2bn) in 1985, according to preliminary figures published by the Bureau of Statistics.

The deficit, which equals about 4.6 per cent of last year's gross domestic product, was about twice as large as forecast by the Government at the beginning of last year.

Last year's deficit compared with a deficit in 1984 of DKr 17.7bn.

FINANCIAL TIMES

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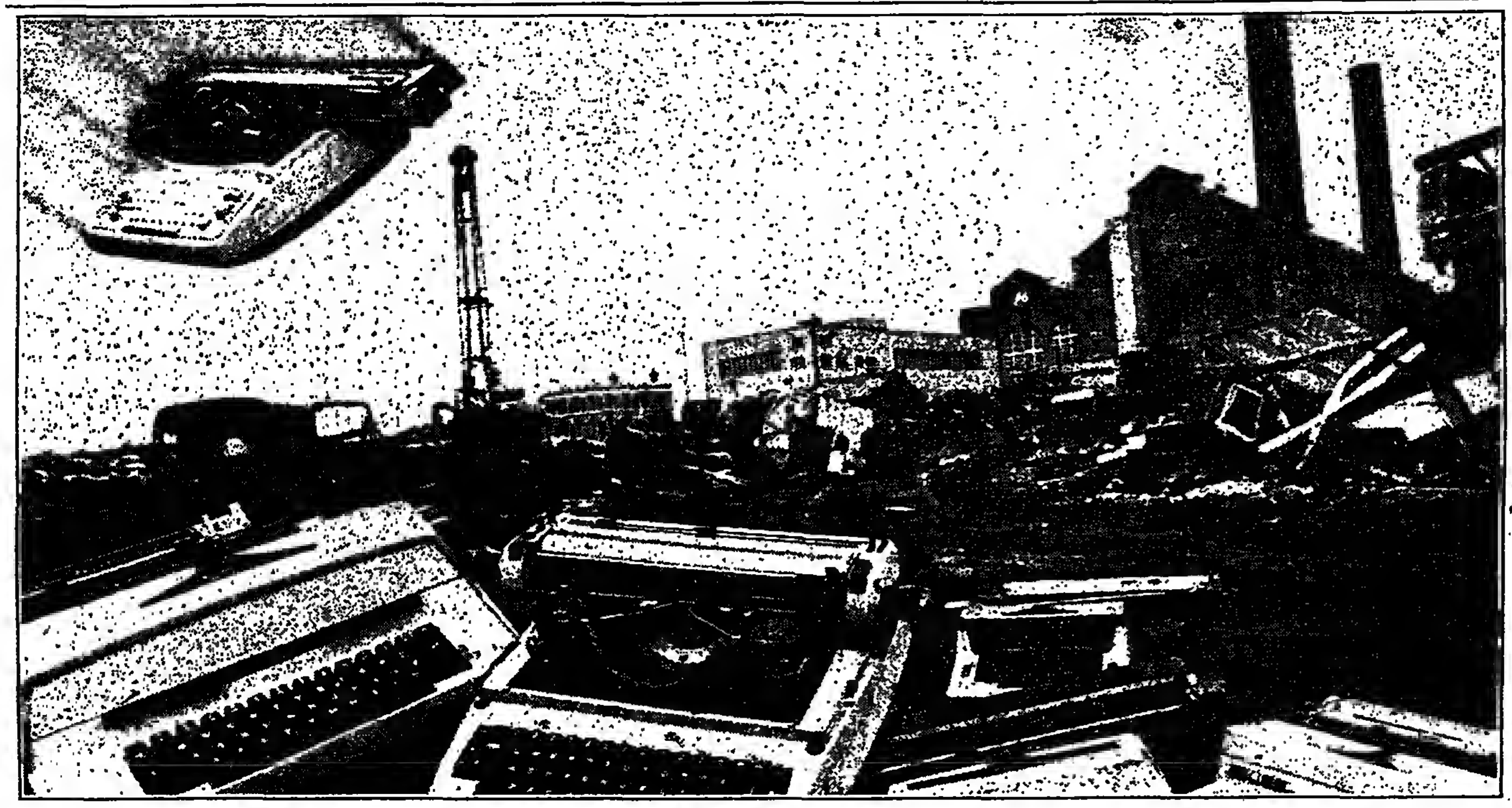

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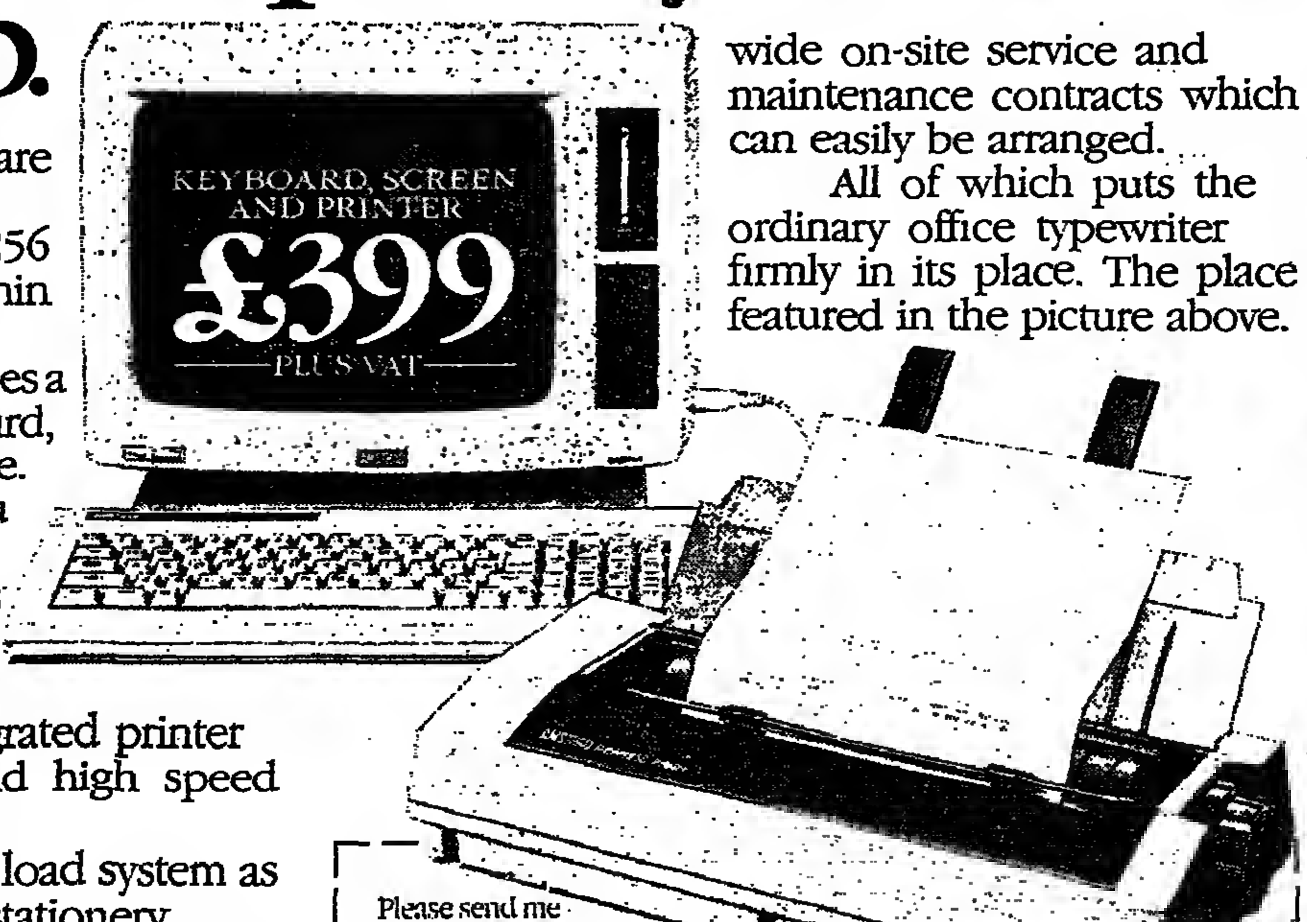

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EUROPEAN NEWS

Greece criticises EEC move on link with Turkey

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government yesterday lashed out against Britain and the Netherlands for trying to improve Turkey's relations with the European Community and warned that it considers premature any discussion of the subject at next Monday's EEC Foreign Ministers' Council. The Netherlands holds the presidency of the council.

"For 11 years, Turkey has occupied part of the territory of a country which has a treaty of association with the EEC and is a member of the United Nations, namely Cyprus. I am surprised that Britain, a guarantor of Cypriot independence, forgets this," Mr Theodore Pangalos, the Greek Minister for EEC Affairs, said at a press conference.

The Netherlands, Mr Pangalos said, is displaying an "odd zeal" in trying to revive Turkish-EEC relations given its past concern over the human rights situation inside Turkey.

Turkey's relations with the European Community were disrupted following the military coup in 1980. Mr Turgut Ozal, Turkey's Prime Minister, who is scheduled to visit London next week, has set accession to the EEC as a top policy goal.

Mr Pangalos criticised the Ozal Government for having overlooked Greece in despatching a letter appealing for support in the EEC to the other 11 Community capitals two months ago. The Greek Government announced the belated receipt of a similar letter last week, in which the Turkish side is held to have apologised for the omission. The Greek Foreign Ministry has not yet responded to the letter, Mr Pangalos said, and therefore feels that a discussion of Turkish-EEC relations would be premature.

Greece does not refuse such a discussion, however, and knows that it will take place eventually, he said.

Mr Pangalos said Greece is considering not signing the agreement for the revision of the Treaty of Rome during the specially scheduled ceremony in Luxembourg on Monday, and delaying its signature to a later date for symbolic reasons. Denmark has rejected the agreement.

He said the delay would be intended to convey Greece's opposition to the isolation of a single member state by the remaining 11 forging ahead on a point of difference.

Ankara fields top economic team for Ozal's UK visit

BY DAVID BARCHARD IN ANKARA

NEXT WEEK'S visit to London by the Turkish Prime Minister, Mr Turgut Ozal, is more than just an attempt to set the seal on his country's move towards parliamentary democracy since 1983. It is also a sign that the Turks, who have lain relatively unnoticed for decades at Europe's doorstep, are now actively knocking at the door.

The visit is the first official one to Britain by a Turkish Prime Minister since the late Adnan Menderes came to London in 1952. Subsequent visits by Turkish premiers have almost always been to negotiate the future of Cyprus at moments of high tension on the island.

Cyprus will certainly be discussed in London, but, hardly surprisingly, it is being given low priority by the Turks. The emphasis now is on turning the diplomatic friendship between Britain and Turkey into something more durable—and in the process perhaps cementing Turkey's long-term ties with Western Europe, ties which have been strained several times in recent years.

Since the 1980 military coup in Turkey, Britain is considered in Ankara as one of Turkey's staunchest friends and advocates in the European Community and the Council of Europe, helping to fend off criticism from human rights activists. Britain is well-placed to use its good offices on behalf of the Turks.

Though West Germany has a much more important trading relationship with Turkey, relations are clouded by tensions over the future of the large Turkish migrant worker population in West Germany. Last July Chancellor Helmut Kohl became the first western European head of government to visit Turkey. Outwardly cordial, the visit was in fact marred by private tensions.

The relationship with Britain has no such inner tension. Mrs Margaret Thatcher is seen as a resolute leader by almost all Turks - and she is often compared with Mr Ozal. The two are both business-minded politicians who have tried vigorously to roll back the frontier of the public sector.

However, there have been occasional strains. Britain is sometimes attacked in the Turkish press for the cautiousness of the Export Credit Guarantee Department (ECGD) in making credit available in Turkey. This has delayed major sales such as the purchase of 40 Tornado jet fighters by the European consortium Panavia, of which Britain is a member along with West Germany and Italy. From the ECGD's point of view, the caution is understandable. It was defaults on payments by Turkey in the late 1970s which caused it to go into the red for the first time in its history.

A second bone of contention emerged briefly last May when a British-led consortium was defeated by the Japanese in a bid to build the second Bosporus bridge. Mrs Thatcher's attack on the Japanese for unfair competition did not go down well in Turkey.

Trade and investment will occupy much of Mr Ozal's time during this visit. He is bringing with him his brother, Dr Yusuf Bozkurt Ozal, who heads the state planning organisation, as well as Professor Ekrem Pakdemirli, the powerful head of the under-secretariat of the Treasury and Foreign Trade. The head of the fund handling defence and privatisation, Mr Vahit Erdem, will also accompany the Premier. All three men are graduates of British universities, as are most of Mr Ozal's economic managers.

> A greater role for Turkey in the European Community should top the agenda in talks next week between Prime Minister Turgut Ozal (right) and Mrs Margaret Thatcher. The visit is his first to a Western European capital since he assumed office and reflects Ankara's view that Britain is a staunch friend.

Britain is primarily interested in boosting its already growing volume of trade with Turkey. The Turks want to attract investment: Britain has not traditionally been a major investor in Turkey, though since 1980 the number of British companies in the country has risen by about 30 to a total of 38.

Mr Ozal will be hoping to find some backers for military investment. Turkey's three years of military rule saw the stepping up of efforts to develop a major arms industry in the country, but defence expenditure is probably regarded privately by the Turkish Prime Minister as a drain on the country's development effort.

To counter it, he would like more Western military aid. Last November the Government set up a major new non-budgetary fund which channels revenues directly to arms industries and announced that joint ventures with Western companies would be actively sought.

Two months ago, Mr James Prior, chairman of the General Electric Company (GEC), visited Turkey and Plessey is another British company which has long been interested in the Turkish market. There have also been Turkish press reports that Mr Asil Nadir, chairman of Polly Peck International, the Turkish Cypriot-based company, was contemplating entering the arms industry, though these have been denied.

The most sensitive part of the visit will probably be Mr Ozal's efforts to get Mrs Thatcher to take up Turkey's case in Western Europe and in particular in the European Community. His arrival in London coincides with a meeting of the EEC Council of Ministers at which Turkey's request for an early meeting of its Joint Association Council with the Community will be discussed. Turkey would like this to be held before April, while the Dutch, another friendly European power, still occupy the Community's presidency.

Normalisation of Turkey's relations with the Community now looks a better prospect. It is possible that Ecu 650m of Community aid due under the fourth financial protocol, but blocked since 1981 because of European objections to Turkey's human rights situation, will be released either late this year or early in 1987. The institutions of the association may also be reactivated.

Progress will to some extent depend on the human rights situation inside Turkey. Last December five countries (Denmark, France, Norway, Netherlands, and Belgium) prosecuting Turkey at the European Commission on Human Rights agreed to withdraw their case.

By coincidence Mr Ozal's trip to London falls on the same day as the latest stage in the trial of 23 intellectuals and professionals jailed for most of the last four years for setting up a peace organisation.

If they are finally released, as is expected in Turkey, critics of the country would probably dwindle to insignificant numbers. But Mr Ozal is now also facing fierce pressure from his own parliamentary opposition. Social democrats in the Turkish National Assembly accuse the Government of turning a blind eye to torture. Mr Ozal and his Minister of the Interior claim that the allegations are the products of a left-wing campaign to discredit the country and have no foundation.

Mr Ozal's sights, however, are set on much longer term goals. He is under firm pressure from the Istanbul industrial world to lead Turkey towards full membership of the EEC. He recently told industrialists that they should indeed be planning ahead on the assumption that in 10 years' time, Turkey would be a full member.

Turkey's 1963 association agreement is aimed at eventual membership of the Community and since 1980 successive Turkish Governments, including the present one, have been committed to an application in the near future.

Mr Ozal's men have probably come to the conclusion that an application in the present calendar year would be counter-productive as it would find no backer and would almost certainly founder on a Greek veto. The aim now is to improve Turkey's relations with the Community to a point at which mutual commitment to the idea of Turkish membership after a lengthy transitional period becomes practicable.

The EEC is cited by Turkish officials as the topic at the top of the agenda in talks with Mrs Thatcher. It is on the British Prime Minister's willingness to press Turkey's case with the rest of the Twelve that the success or failure of this visit depends. That in turn may depend on how strongly the Turks pitch their demand for admission to the Community at an early date.

Prague admits shortfall in economic performance

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA has acknowledged serious shortcomings in economic performance last year which were not reflected in the main published indicators.

National income (equal to GNP minus services) rose 3.3 per cent and was slightly higher than the plan. Industrial production, up 3.4 per cent, was 0.6 per cent higher than the target.

Hard currency exports rose 0.6 per cent—also higher than the modest target—but the federal statistical office noted that the "efficiency" of foreign trade failed to improve, which implies a worsening in Prague's terms of trade with the West. It also said Czechoslovak industry's adjustment to the requirements of world markets "remains slow."

The statistical report said products rated as having high technical and economic standards amounted to 15 per cent of total industrial production, up from 14.1 per cent in 1984. Czechoslovak economists, however, noted that the criteria for determining high standard products are not based on their competitiveness in the world market.

Fulfilment of the industrial production plan last year was described as irregular. The number of companies which failed to fulfil the gross output plan, 15.4 per cent, was greater than 1984.

Total industrial exports to the West rose only 0.5 per cent, while industrial sales to Comecon increased 7 per cent. Shortcomings were also said to have persisted in "supplier-user relations." This was a result of the "uneven fulfilment" of output targets in many factories and the "slow adaptation" of production to the needs of the economy.

Nuclear power stations provided 14.6 per cent of total electricity generated last year, which appeared to be on target despite serious delays in completion of projects. The report said the number of unfinished investment projects, a widespread problem, rose in 1985.

The key sectors of electrical engineering and electronics boosted output by 8 per cent last year, 0.2 per cent over target. But the introduction of electronics into the economy was "not being assured," the report concluded.

Natural disaster insurance losses set record in 1985

BY JOHN WICKS IN ZURICH

HURRICANES and storms in the US made 1985 the worst year on record for insurance losses due to natural disasters, according to a report published by Swiss Reinsurance Company.

In the US, insured damage in this sector totalled over $2.8bn (£1.98bn), 25 per cent up on the previous record set in 1983. Hurricanes Elena and Gloria alone accounted for $543m and $419m respectively, while claims amounting to $400m resulted from winter storms and cold weather in January and a further $231.6m plus C$125m (£63.4m) from tornadoes and hail in the eastern states and Ontario in May and June.

The worst human catastrophes were the Colombian volcano eruption which cost 23,000 lives, a typhoon and flash flood in Bangladesh with an estimated 11,000 deaths and the Mexico City earthquake, which killed more than 5,000.

The report also speaks of an "especially bad" year in aviation insurance. The largest number of victims ever claimed by a single air crash was booked by the Japan Airlines accident near Tokyo, with 520 deaths and a total of $213m insurance claims.

Other major air disasters included the Air India crash off Ireland with 329 deaths and a total of $133m hull and liability loss, and the Arrow Air accident on Newfoundland with 256 fatalities and total claims of $155m.

Marine, fire and other insurance sectors showed losses "within the bounds of previous years." Major claims were those of $100m for a warehouse fire at Elizabeth, New Jersey, and DM 130m (£38.9m) for an ethylene-plant fire at Wesseling, West Germany.

The worst traffic and waterborne disasters were the 449 killed in an Ethiopian train crash, some 174 lost in a Chinese ferry accident and over 100 deaths from a Bangladesh train fire.

Swiss GDP expected to rise by 2% this year

BY OUR ZURICH CORRESPONDENT

THE SWISS economy will continue to grow this year, though probably at a rather slower rate than the "unexpectedly sharp increase" last year, a report published by the Swiss Government's Economic Studies Commission forecasts.

Gross domestic product, which went up in real terms by 3.8 per cent in 1985, is seen as rising by a "good 2 per cent" this year. This will result partly from an accelerated growth rate in private consumption of goods and services, which should go up by a real 2.5 per cent over the year.

Elsewhere, the increase in price-adjusted government spending is seen as dropping to 1.5 per cent and that in total domestic investments — following zero growth in the building sector — to 1.9 per cent.

In foreign trade, both imports and exports are expected to rise by a real 5.3 per cent, including invisibles. The surplus on current account is seen as improving further, from an estimated SwFr 9.55bn (£3.44bn) last year to a record SwFr 11.3bn in 1986.

The overall expansion of the economy should lead to a 3 per cent rise in industrial production, which could be accompanied by a further 1.5 per cent improvement in productivity. With the labour force probably growing at a rate of 0.5 per cent — primarily in the service sector — the unemployment rate is expected to fall slightly to 0.8 per cent, almost two-thirds of the 65,000-70,000 jobs lost during the 1982-84 recession.

Geneva arms talks

Senator Ted Stevens, Republican of Alaska, is leading a US Senate observer delegation to arms talks taking place in Geneva this week. He was incorrectly identified in a report appearing in yesterday's edition.

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AMERICAN NEWS

Price fall forces austerity on US oil groups

BY WILLIAM HALL IN NEW YORK

THE RECENT collapse in world oil prices will reduce US oil industry revenues by over $30bn (£21bn) a year and could lead to cuts of up to 40 per cent in annual capital spending by US oil companies, say US experts.

Mr John Lichtblau, president of the Petroleum Industry Research Foundation, estimates that if the 27 per cent drop in average oil prices is sustained, US companies will suffer a drop of between $32bn and $34bn in annual revenues from crude oil and natural liquid gas sales.

Much of the impact of lower oil prices will be reflected in lower tax revenues for the federal and state governments but Mr Lichtblau estimates that the net cash flow of the US oil industry will be reduced by one-third.

Speaking at a seminar on the outlook for the world's oil markets, organised by the New York Mercantile Exchange, Mr Lichtblau estimated that average US oil prices have fallen by around $7 per barrel from an average 1985 price of $26.50 per barrel. His forecasts of the likely impact on the US oil industry are based on the assumption that average prices in 1986 remain around $19 per barrel.

Yesterday morning the price of West Texas Intermediate, a key barometer of US oil prices, was being quoted on the New York mercantile exchange at $15.68 and several analysts at the Exchange's seminar predicted that prices would fall further.

Mr Charles T. Maxwell, a leading New York oil analyst and a vice chairman of New York brokers Cyrus J. Lawrence, told the seminar that by the time the oil price "hits bottom, which is somewhat lower than it is today," US oil company capital spending will have been cut by between 30 per cent and 40 per cent.

"My guess is that we will not see the worst case of $6 per barrel for oil," said Mr Maxwell, who forecast that there would be "some kind of political solution" and the price decline will stop somewhere around $12 per barrel.

Mr Maxwell's comments came shortly after Atlantic Richfield, one of the most successful US oil companies which has a big position in Alaska, announced it was cutting its 1986 capital spending by a third to $2bn. Mr Lodwrick Cook, Atlantic Richfield's new chairman, says that "given the uncertainties of the external environment for oil prices, these actions will preserve our operating and financial flexibility."

Many Wall Street analysts agree with Mr Maxwell that they expect to see further sharp cuts in capital spending by the US oil majors over the next few months if oil prices show no signs of recovering.

The oil price decline may be having a dramatic impact on the financial fortunes of US oil companies, but it is not likely to lead to any sharp change in the supply and demand balance in the US, which consumes around a third of the world's oil.

Mr Lichtblau does not foresee any significant increase in consumption or decline in production in the US in 1986 as a result of lower oil prices. Using his assumption that average prices in 1986 are just below $20 per barrel, he foresees an increase of perhaps 2 per cent in US oil consumption in 1986 and a drop of around 1 per cent in production. Oil imports by the end of 1986 may increase by around 300,000 to 400,000 b/d.

Venezuela wins quick deal on rescheduling

By Peter Montagnon, Euromarkets Correspondent

VENEZUELA has agreed to sign its $21.2bn (£15bn) rescheduling agreement with commercial banks as planned on February 26, but changes in the schedule for repayment of principal will be introduced because of the steep fall in oil prices.

Agreement on the signing was reached after only two days of talks in New York between Mr Manuel Azpurua, Venezuela's Finance Minister, and the committee of leading creditors chaired jointly by Bank of America, Chase Manhattan, and Lloyds Bank.

Bankers say the speed of the agreement suggests efforts are now under way to resolve as many outstanding debt problems as possible ahead of what many see as a looming showdown with Mexico on its $97bn foreign debt.

Under the agreement reached with Venezuela and its bank creditors there will be no change in interest margins set on the rescheduling. Venezuela will also meet a $750m down-payment of principal due on signature of the deal, but about $1bn in regular principal repayments in respect of 1985 and 1986 will be postponed.

The agreement lifts fears that the collapse of oil prices might force Venezuela to delay signing of the agreement while its terms are renegotiated.

Instead Venezuela has agreed to review the oil price situation with its bankers shortly after signing is completed. This will allow a new timetable to be set for principle repayments.

Bankers are uneasy after the oil price fall, reports **Peter Montagnon**

Crisis looms on Mexican debt

A DEEP SENSE of unease has gripped the international banking community over the problem of Mexico's $97bn foreign debt now that the oil price has slipped clearly below $20.

Negotiations now under way on Mexico are make-or-break ones, not just for the country itself but for the whole way the developing country debt problem unravels, senior bankers believe.

On the most optimistic scenario, a radical new approach could be needed to channel badly needed funds to countries in debt difficulties. At the other end of the scale the elaborate edifice of measures built up to handle the debt problem since it emerged in 1982 could fall apart as creditors lose control of events.

Immediate concern centres around whether the lower oil price leaves Mexico with enough resources to meet some $10bn in interest payments on its foreign debt this year. If no solution is found, bankers fear Mexico might simply renege on its obligations, provoking large losses for creditor banks and a new crisis for the world financial system.

Worry over the impact of falling oil prices has focused on Mexico because of its already poor economic performance last year which saw reserves fall sharply, economic growth contract, the budget deficit surge to 9.6 per cent of Gross Domestic Product and inflation at nearly 64 per cent.

Venezuela, Latin America's other major oil exporter, faces much less urgent problems although it relies on oil for 95 per cent of its export revenues. Its debt is lower at some $35bn and it has reserves of $13.7bn.

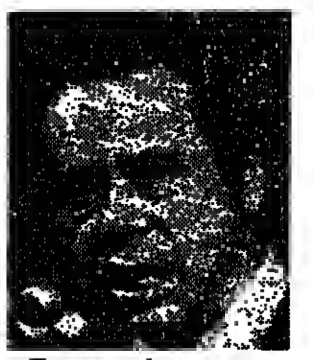
By contrast Mexico faces an immediate liquidity squeeze. Though it publishes no regular figures for its foreign exchange reserves, most bankers expect them to be perilously close to exhaustion in the second quarter of this year unless it can arrange fresh foreign loans. If that happened, the Government of President Miguel de la Madrid might have no choice but to withhold interest payments on foreign debt.

The Mexican Government relies on oil for 45 per cent of its fiscal revenues, but with lower oil prices eating into those receipts, its budgetary projections for 1986 have gone awry.

Even before the oil price fall, the International Monetary Fund (IMF) as well as top bank creditors, regarded Mexico's declared aim of cutting its deficit to 4.9 per cent of GDP this year with deep suspicion. Now the figures are back in the melting pot, delaying further the agreement with the IMF on which fresh lending now depends.

One major policy question facing the IMF is to decide how far Mexico should tighten government spending to take account of the oil price drop. Top officials believe that extra slack in the budget can be permitted only as long as it can be made good with an increase in loans from abroad.

But most of these will have to come from commercial banks,



Herzog: under pressure

since there is still little or no evidence of a willingness on the part of industrial governments to step in with extra cash. Even the US, which is often assumed to be the lender of last resort for Mexico, has limited room for manoeuvre.

Following the pattern of the US rescue operation for Mexico in 1982, it could use its $12bn exchange stabilisation fund to make a short term loan, but only for a maximum of three months. The Commodity Credit Corporation too could lend against grain imports, but Mexico does not need to buy much grain. Mexican oil could be bought for the US's strategic reserves, but that would use up scarce budgetry resources.

Thus a standoff is now developing between Mexico and its bank creditors. Mr Angel Gurria, Director General of Public Credit, told the banks in New York last week, that if the oil price stuck at $15.50 a barrel Mexico could need up to $9bn in foreign finance this year. This is more than double the previous estimate of $4bn.

However, the committee of leading creditors chaired by Citibank feels the new estimates, are too high. The figures assume an average interest rate on foreign debt payments of 10.2 per cent and take no account of the prospects that non-oil exports could rise as growth picks up in industrial countries.

One view on the committee is also that Mexico's needs could be substantially reduced if it took the type of measures proposed under the so-called Baker plan, which would include selling off state enterprises, cutting out bureaucratic waste and opening up its economy to foreign investment.

Bankers believe that Mr Jesus Silva Herzog, Mexico's Finance Minister, understands and agrees with the need for this type of policy but has yet to persuade President de la Madrid to adopt it. If he fails to do so, Mexico may have no option but to seek interest relief.

There is also a growing reluctance on the part of Mexico itself to seek fresh loans abroad just to meet interest payments to creditor banks. Barring a decision by the President in favour of economic reform, some form of interest rate relief might be inevitable.

That is something other hard-pressed debtors are watching closely. If Mexico wins—or imposes—concessions, they will not be far behind.

S. African police use 'excessive force'

A US Government human rights report said yesterday that South African police have been using excessive force in dealing with black unrest and press freedom in the country has deteriorated, Reuter reports from Washington.

The report, describing human rights in 166 countries, said a serious economic downturn was a major factor in contributing to South African unrest but it foresaw little possibility of sufficient growth to reduce high black unemployment. The report also said that serious human rights violations had taken place in the Philippines last year.

"Against the backdrop of slow, incremental change and a deep economic recession in South Africa, political discontent and ferment increased dramatically in the nation's black and coloured townships in 1984-85," the report said.

During 1985, it said, freedom of the press in South Africa deteriorated, even though newspapers continued where possible to criticise the Government and its policies.

The report said widespread unrest claimed an estimated 843 lives, nearly all black, last year. "Police often quelled demonstrations with excessive force, utilising teargas, birdshot, whips and rubber bullets," the report said. It said police had also used live ammunition to disperse demonstrators.

The report said at least four detainees died in circumstances suggesting abuse by police who were allowed considerable latitude in arrest and detention of suspects.

Some people detained under the Government's state of emergency had alleged torture, the report said, by means said to have included "beatings, eardrum perforations, whippings, forced ingestion of foreign substances, including gasolene and human hair and electric shocks to genitals."

Detailing what it called serious human rights violations in the Philippines, the report said statistics were unreliable but that there were many well-founded reports of human rights abuses by government security forces.

These, it said, included summary executions of civilians, torture, arbitrary arrests, detentions, unlawful searches and seizures and disappearances.

Sarney preserves political balance in Cabinet reshuffle

BY RICHARD FOSTER IN BRASILIA

BRAZIL'S President Jose Sarney yesterday announced a reshuffle of one-third of his 27-member cabinet, but he maintained the relative strengths of the two ruling parties in the centre coalition.

Mr Sarney retained his two most important economic decision makers, Mr Dilson Funaro, Finance Minister, and Mr Joao Sayad, Planning Minister.

Mr Funaro and Mr Sayad are the architects of Brazil's current policies of growth with controlled inflation, a rejection of International Monetary Fund austerity programmes to counter the country's $100bn foreign debt, and increased social spending.

There had been speculation about the future of Mr Sayad, who was sharply criticised last week by the outgoing Industry Minister, Mr Roberto Gusmao, for not acting quickly enough to sell off 47 state-owned companies listed for sale five months ago but still in government hands.

Among the changes are new ministers of Justice, Foreign Affairs, Industry, Agriculture and Health.

The reshuffle is unlikely to mean any significant change of course for the Government, but it is thought likely to improve its efficiency since Mr Sarney has now more trusted colleagues in his team.

Mr Sarney inherited the old cabinet from President-elect Tancredo Neves, who died last April. The reshuffle is Mr Sarney's first opportunity to put his personal stamp on the Cabinet.

In picking his new ministers, Mr Sarney has mostly replaced liberals with liberals and conservatives with conservatives, maintaining a delicate balance between the two coalition partners, the centre-left Brazilian Movement for Democracy (PMDB) and the centre right Liberal Front Party (PFL).

The new ministers, who take office today (Friday) are: Mr Paulo Brossard, (Justice); Mr Roberto de Abreu Sodre (Foreign Affairs); Mr Jose Reinaldo Tavares (Transport); Mr Jorge Bornhusen (Education); Mr Iris Resende (Agriculture); Mr Roberto Santos (Health); Mr Jose Hugo Castelo Branco (Industry and Commerce); Mr Delso Furtado (Culture); Mr Deryz Schwartz (Urban Development) and Mr Marco Maciel (chief domestic affairs advisor with ministerial rank). The name of a new Social Security Minister was due to be announced last night.

US retail sales growth falls to 0.1% in January

US retail sales rose 0.1 per cent in January, down from December's sharp 1.7 per cent increase, the Commerce Department said yesterday, Reuter reports from Washington.

It was the weakest showing since October, when retail sales fell 3.9 per cent. The report was at odds with other data showing the US economy off to a strong start in 1986 after sluggish growth in 1985.

The economy grew only 2.3 per cent last year after inflation, well below the Reagan Administration forecast of 4 per cent.

Mr Malcolm Baldridge, the Commerce Secretary, said he now expects "solid growth" in consumer spending this year. He said that sales had risen in six of the last seven months and remain just below all-time records.

"Consumer confidence is high because of continuing growth in employment and incomes, low inflation and declining interest rates," Mr Baldridge said. "There should be solid growth in household spending this year."

Retail sales totalled $117.5bn in January, up $96m from December. But excluding car sales, the total was only $91.3bn, a drop of 0.2 per cent from December.

Car sales rose 0.9 per cent after a 3.2 per cent rise in December.

Sales of durable goods, rose 0.8 per cent in January, while sales of nondurable goods dropped 0.2 per cent.

Department stores sales fell sharply last month. Analysts speculated that low financing deals to boost car sales had slowed purchases in other categories.

OVERSEAS NEWS

S. Africa denies change in policy over Namibia

BY ANTHONY ROBINSON IN JOHANNESBURG

MR PIK BOTHA, the South African Foreign Minister, yesterday squashed speculation that his talks with a US delegation led by Mr Chester Crocker, US Assistant Secretary on African Affairs, in Geneva yesterday included a new South African willingness to set a date for the independence of Namibia in an attempt to speed up the linked withdrawal of Cuban forces from Angola.

Mr Botha said be was "not aware of any such decision by the South African Government," in a statement issued in Cape Town.

The US and South African delegations remain tight-lipped on the substance of the talks which ranged widely over "bilateral and regional issues." In his policy statement at the opening of parliament two weeks ago, President P. W. Botha said that "South Africa remains prepared to implement (UN Security Council) Resolution 435 (which provides for un-monitored elections in Namibia) provided agreement can be reached on Cuban withdrawal from Angola."

This re-affirmation of linkage between Namibian independence and Cuban troop withdrawals followed renewed efforts by Mr Crocker to seek a solution. In the last four weeks he has visited Zaire, Angola and South Africa. These talks were followed by the visit to Washington of Dr Jonas Savimbi, the Angolan rebel Unita movement leader.

The latest round of talks in Geneva appear to be largely a follow-up to these talks, aimed at assessing the possibility of movement in Angola on the phased withdrawal of Cuban troops.

● Angola has rejected South Africa's proposal to release African National Congress leader Nelson Mandela for a South African commando Captain Du Toit imprisoned in Luanda, according to the official Angolan news agency, AP reports.

Dr Alex Boraine, a leading left-wing member of the white opposition Progressive Federal Party (PFP) yesterday announced his decision to follow the example of Dr Fredrik van Zyl Slabbert, the farmer party leader, and resign his seat in parliament.

Marcos offers Aquino a conciliatory hand

BY CHRIS SHERWELL IN MANILA

PRESIDENT Ferdinand Marcos tried yesterday to extend a conciliotory hond to Mrs Corazon Aquino, his challenger in last Friday's disputed elections in the Philippines, as the opposition readied a fresh programme of non-violent protests at his continued rule.

Mr Marcos's offer, bedged round with retaliatory acusations that hio opponents bad intimidated voters, followed suggestions from US President Rooald Reagan that the two sides come together. But Mrs Aquino last night called on Mr Marcos to step down from office until the crisis was resolved.

The two protagonists' dramatic statements came as the country's powerful Catholic bishops adjourned without conclusion a special meeting to assess the election outcome.

The adjournment suggested that the bishops, who have tacitly endorsed Mrs Aquino, were split over a plan to back a campaign of civil diobedience.

At the National Assembly, the tabulation of election returns finally began last night ahead of a formal vote count.

Mr Marcos's offer of conciliation sugested concern that matters might be sliping out of control. It was his second sucb statement in three days

In his stetement, Mr Morcos deplored incidents of violence since the election. "As your president," be said, "I extend my band in conciliation and brotherhood to my opponents."

Chemical weapons claims in Gulf war

By Kathy Evans on the Kuwait-Iraq border

IRAQI TROOPS yesterday launched a two-pronged counter-offensive against Iranian forces south east of Basra, amid accusations by both sides that chemical weapons were being used in this latest round of fighting in the Gnlf war.

Officials in Baghdad said that their offensive was supported by intensive missile and air attacks and that the Iranians were now in "disorganised retreat."

However, Iran said its troops had captured another 18 sq miles of Iraqi territory yesterday bringing to 280 sq miles the area occupied west of the Shatt al-Arab since Sunday.

Earlier Iran claimed its troops had reached the Kuwaiti border on the Gulf and that remnants of the Iraqi army were surrounded in the inland port of Umm Qasr.

But just 20 km from Umm Qasr at the Kuwaiti border post of Abdali, incoming truck drivers said that the road to Basra was open and that there were still civilians in Umm Qasr.

A Bangladeshi driver said that life in Umm Qasr on Wednesday morning oeemed "normal."

Unless the Iranians can maintain their momentum, they could face encirclemant in the peninsula south of Basra. Already, Iraq says its troops were tightening the circle around Iranian forces, who were "trapped in an arena of death" according to the commanders of the 7th Army Corps.

Iran has accused Iraq of using chemical weapons in the current round of fighting. Iraqi commanders replied that Iranian troops were doing the same. Iran bas said that 17 of their soldiers had been killed from gas attacks and another 1,500 wounded, some of wbom were shown to the press in Tehran yesterday.

Dr Hamid Sorabpour, director of e Tehran hospital, said mustard and nerve gas had been used on Iranian troops. Dr Sorabpour said his bospital had already received 85 victims and another 70 were expected later.

Seven Arab foreign ministers have meonwbile called for an emergency meeting of the UN Security Council to discuss the latest fighting.

Steven B. Butler explains why businessmen are happy about Seoul's policy change

South Korea signals new economic direction

AT A RECENT reception for foreign bankers in Seoul, South Korea's newly - appointed Deputy Prime Minister for economic planning, Mr Kim Mahn-je, told bankers with a broad smile, "It's going to be o good year."

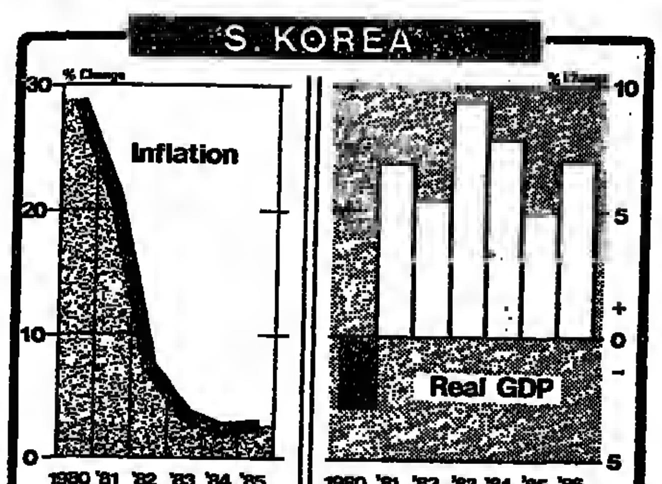
Mr Kim predicted this week that the economy would expand by more than 7 per cent this year. Exports would grow by 10 per cent, helped along by falling oil prices and the strength of the yen, which makes South Korean goods relatively cheaper. He expected South Korea to run its first ever trade surplus, and that the current account will be roughly in balance.

The new Deputy Prime Minister's optimism has not yet infected the nation, where newspapers express open scepticism about the Government's target of 7 per cent growth in 1986. Growth last year is estimated ot 5 per cent.

Yet businessmen in Seoul are happy about the reshuffle in the economic Cabinet. They say that Government views are now much closer to those of the business community, and they expect Mr Kim personally to add new vigor to the odministration of government policy.

As a taste of things to come, Mr Kim says be wants to postpone a series of major Government construction projects, possibly including the Seoul-Pusan high-speed railway, nuclear power plants, dams and expressways in order to channel available funds into manufacturing industries.

He plans shortly to announce measures that may lead to liquidation of companies in overseas construction, shipping, textiles, or plywood, where the country has been suffering from serious downturns.



Mr Kim struck a new tone in a series of public statements. He has never eschewed his predecessor's stress on the importance of price and monetary stability — indeed be says be agrees with it. Yet be has made it clear thet his first priority is to restore growth and to increase employment, and he plans to achieve this by taking steps to encourage private business investment.

The rate of increase in capital investment in South Korea slumped to 5.6 per cent in 1984, and was running at about 3 per cent in the first three quarters of 1985. That compares with an average of about 16 per cent in the previous 20 years, and is far below what economists say South Korea needs to stay competitive.

The country's capital needs have mushroomed as industry moves into high-technology, capital intensive areas. No longer can it bope to compete internationally solely on the strength of low wages. Yet businessmen have hesitated to invest because of uncertainty in the business outlook and the high cost of money.

In earlier years, when inflation was high, businessmen could borrow money at negative real interest rates to build plants, making precise profit calculations a secondary consideration. Tha current low rate of inflation, combined with a high interest rate policy designed to draw savings into banks, has made investment calculations very different, and far more risky.

Businessmen also say they want a stronger industrial policy — clear government leadership to take the economy into uncharted fields. Athough most wil agree on the principle that private business should lead investment decisions, the fact of continued Government involvement in the private sector makes many businessmen hesitant to act without official assurances.

Some argue that given the stakes involved, South Korea will continue to need a Japanese-style industrial policy, with the Government gently bringing private business together for major industrial initiatives. That kind of leadership, they say, bas largely been lacking, making businessmen nervous that they will be caught on the wrong side of a future Government decision.

The new Deputy Prime Minister has promised to correct that by finding ways to weed out declining industries, and suporting promising ventures in vehicles or electronics.

Friction between the Government and the business community began to build as economic growth plummeted in the first half of last year. Business leaders argued that in the face of an export slowdown, money supply growth was too restrictive, and interest rates too high.

They complained bitterly that credit quotas placed against the big business groups to curb domination over the economy had put Korea's most dynamic companies into a straitjacket.

Slowly the Government began to respond. Credit controls nn business conglomerates cama off in August. Monetary growth began to surge, with M2, money in circulation plus bank deposits, finishing the year 15.6 per cent ahead, compared with an original monetary growth target of 9.5 per cent.

The Government introduced a supplementary budget bill, giving the economy another kick that helped to bring third quarter growth to 5.4 per cent. Devaluation of the currency also began to take effect, belping exports for the year to grow by 5.4 per cent, largely on the strength of an export surge in November and December.

It was still South Korea's second worst export performance in 20 years. But when former Deputy Prime Minister Mr Shin Byung-hyon resigned in early January, be could say that be left with n clear conscience since the economy had turned the corner.

The new Deputy Prime Minister plans to continue spurring the economy along with a package of interest subsidies, loan guarantees, and tax incentives for small businesses. He has rejected, at least for the time being, the notion of trying to help small and medium businesses by odopting punitive measures against big business.

Interest rates remain, however, the major outstanding issue. The high indebtedness of most South Korean companies means that they must borrow money regardless of bow much it costs. Businessmen argue that if the Government pushes down controlled interest rates in banks and secondary markets, investment can rise quickly. Such a move might also help more money to flow into the stock market and reduce corporate dependence on borrowed funds.

Publicly, the Deputy Prime Minister says ba will not budge yet on interest rate policy. But in late January the Government did lower interest rates in secondary markets. Soon after, the new governor of the Bank of Korea said it would encourage investment by "flexible" management of bank interest rates.

That is the clearest sign yet that the last sacred cow of South Korea's economic planners may be about to fall by the wayside.

Singapore recovery plan includes tax cuts proposal

BY OUR SINGAPORE CORRESPONDENT

SINGAPORE'S specially-commissioned economic committee yesterday recommended sharp tax cuts and wage-cost reductions as part of its plan to lead Singapore out of its deep economic recession.

The recommendations were made in a summary of the committee's final report, which is due to be issued in instalments over the next few days.

The committee is chaired by Brigadier General Lee Hsien Loong, son of Prima Minister Lea Kuan Yew, and its recommendotions are expected to form the basis of official government policy in the coming months.

Yesterday's public announcement, which notably excluded the committee's detailed recommendetions, extended a long campeign to build popular support for the proposals, which will lead to a lower standard of living in Singapore in the short term.

The committee's work has also brought General Lee into greater public prominence, intensifying epeculation that he is being groomed to succeed his father as Prime Minister.

Highlights of the committee's summary include an immediate reduction of corporate profit taxes from 40 per cent to 30 per cent, with possible future reductions to 25 per cent.

The committee calls for a slash in employers' contributions to the Central Provident Fund, the Government's compulsory savings system, from 25 per cent to 10 per cent of the wage bill. That translates into a 12 per cent reduction of wage costs.

The measures also call for a two-year wage freeze and an across the board investment allowance of 30 per cent on investments in machinery and equipment.

The measures are aimed broadly at increasing the return on capital, for both potential domestic and foreign investors. The cut in the CPF contributions, however, are temporary, and may be restored after two years.

Source: Impact International, January 15, 1986.

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To the Holders of

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12% Sinking Fund Bonds due 1996

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of March 15, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $6,962,000 principal amount of International Standard Electric Corporation 12% Sinking Fund Bonds due March 15, 1996 (the "Bonds") has been selected by the Trustee for redemption on March 15, 1986 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture. The following are the serial numbers of the Bonds which will be redeemed in whole.

Accordingly, on March 15, 1986 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred percent (100%) of the principal amount thereof in United States dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque du Benelux S.A. in Brussels, at the office of Banque Generale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation in Basle. In accordance with Section 7 of the Bond, the Bonds designated for redemption will be payable on the Business Day (as defined in the Indenture) following March 15, 1986, at any one of the Paying Agents listed above.

The redeemed Bonds should be presented with all coupons maturing after March 15, 1986. Coupons maturing on March 15, 1986 and prior thereto should be detached and surrendered for payment in the usual manner. From and after March 15, 1986 interest on redeemed Bonds will cease to accrue.

INTERNATIONAL STANDARD ELECTRIC CORPORATION

By: BANKERS TRUST COMPANY, *Trustee*

Dated: February 14, 1986

UK hope of winning India steel plant deal depends on aid

BY JOHN ELLIOTT IN NEW DELHI

BRITISH COMPANIES may have the opportunity soon to carry out a major steelworks modernisation project in India if the British Government agrees to provide between about £100m and £200m.

The project is at the Durgapur works in West Bengal built by Britain 22 years ago, which is one of three major integrated steelworks that India intends to modernise soon.

The others are the Rourkela Steelworks, which may be supported by World Bank funds, and the Burnpur plant of the Indian Iron and Steel Company (IISCO), for which aid of about $500m is being discussed with Japan.

These projects mooted in 1983 are now being revived. India is to concentrate on maximising output from existing steelworks during the next five years, instead of building any new integrated works.

The UK offered aid of up to £100m in 1983 for the British Steel Corporation to take on the work at Durgapur, then thought to be worth up to £500m, backed by Davy McKee which had just lost a £1.25bn turnkey contract to build a new integrated steelworks in Orissa, Eastern India.

But India let the £100m aid offer lapse.

The British Government might decide not to make a new offer of aid, partly because funds are committeed to other contracts such as Westland Helicopters for India, and partly because there may not be sufficient guarantees of follow-on work for Britain.

The Steel Anthority of India is believed to favour negotiating a consultancy and three-to-four-year turnkey contract with British Steel, and would probably get full Indian Government approval is sufficient aid were put up.

But some senior Indian officials and advisers, who last year prepared as many as 40 different contract packages for the modernisation at Durgapur, believe the project should go out to global tender because technology would be needed from several countries.

Aid could then be sought from the winning countries. Japanese companies have already shown an interest in being involved.

The output of the works has declined from about 1m tonnes to 700,000 tonnes a year and India's steel authority wants to raise this to 1m-1.2m tonnes.

About Rs 6.8bn (£400m) have been allocated for Durgapur in India's new Five-Year Plan, but Rs 3bn-Rs 4bn more are estimated to be needed in aid to cover foreign exchange costs.

Christian Tyler adds: British aid officials will be looking for more details of the Indian plans at talks due to start in New Delhi on February 25.

There is not much enthusiasm in London for the Durgapur steelworks, which was never regarded by the UK as economic.

Unless the Indian authorities come up with a sound-looking scheme, Britain would rather spend its aid money on other projects such as coal, power-generation and water treatment.

There is also considerable interest in the development of a mine and zinc smelter for Hindustan Zinc. An appraisal mission for this project is due to leave the UK shortly.

British aid to India has been running at well over £100m in recent years. India is the single biggest beneficiary of the money distributed by the Overseas Development Administration.

Battle for Canadian defence deal

BY BERNARD SIMON IN TORONTO

A HOTLY contested bid between one Swedish and two Swiss-led consortia to supply a low-level air defence system to the Canadian armed forces has reinforced Ottawa's reputation for getting its pound of flesh from foreign contractors.

The merits of the three bidders' weapons systems have at times been overshadowed by the array of "industrial benefits" each is offering in its efforts to secure the C$605m (£307m) contract.

The Canadian Government, widely acknowledged as a pioneer in the art of negotiating industrial offsets for official contracts, has made clear that assurances of new factories in industrially backward provinces, export openings, technology transfers to Canada and joint ventures with Canadian companies will play an important part in the award of the contract.

Each of the three groups has gone to remarkable lengths to oblige, and in the process each has tried to ally itself with the widest possible range of lobby groups to press its case in Ottawa.

The Government expects to make its choice by late March or early April between proposals submitted by Bofors Ordnance of Sweden, and the two Swiss weapons suppliers Orlikon-Buhrle and Contraves. According to a senior defence officer, evaluation of the bids is "nearly finished."

The air defence system, the largest defence order placed by Canada in several years, is needed to protect two Canadian air bases and a mechanised brigade group in West Germany. A brigade stationed in Canada which would be deployed as part of Nato's defence of Norway would also be protected. The bidders expect the Canadian order to open the door to similar contracts in several other countries, notably the US.

The proposal by Orlikon and its main partner, Litton Systems Canada is based on the new air defence anti-tank missile system (Adats) designed in partnership with the US company Martin Marietta.

The other two proposals combine missiles and guns. Bofors, whose partners include Canadian Marconi (52 per cent owned by GEC of Britain) and Ericsson of Sweden, has put forward its 40mm Trinity armoured gun and RBS-70 armoured missile. Contraves, in partnership with Raytheon Canada, is combining a 35mm gun and Sparrow missile with a Skyguard fire-control system.

The Contraves group has taken the lowest profile among the three bidders. Beyond confirming that industrial benefits are "a major part of the proposals," a Raytheon official says "we prefer to remain silent."

The other two companies have taken this to mean that Contraves has not offered to build any new plants in Canada. Instead, according to local reports, it has brought in the US trading group Sears World Trade, which has offered to set up an office in Canada and act as a broker and promoter for Canadian exports.

Despite its low public profile, Contraves has retained one of Canada's best-connected public relations companies, Public Affairs International (PAI), to press its case in Ottawa. PAI's chairman was in charge of transition arrangements when the present Progressive Conservative Government came to office in 1984.

By contrast, Oerlikon and Litton have issued a steady barrage of press releases extolling the virtues of their proposal, notably the expected creation of 2,700 new jobs.

The radar factory which Litton plans to build on Prince Edward Island if the Oerlikon consortium wins would be the biggest industrial investment in the province. An Oerlikon subsidiary, Oerlikon Aerospace, has proposed putting up a vehicle assembly plant in Quebec. Western Canada has been promised missile testing facilities in Alberta.

Oerlikon and its partners estimate that exports of components made in Canada for the air defence system will reach C$1bn over the next 15-20 years, 10 times the value of the local content in the system to be delivered to the Canadian armed forces. They claim that their bid, which is based on a system not yet in production, offers the highest Canadian content of the three.

Bofors unveiled its C$850m industrial benefits package shortly after final proposals were submitted to the Government last month. It includes local production of Bofors RBS-70 anti-aircraft and Bill anti-tank missiles, construction of a software support and system integration centre in New Brunswick and numerous technology transfers, among them local production rights for Bofors 40mm Trinity ammunition. In several cases, Canadian plants will have product mandates for the entire North American market.

The Swedes' list of benefits extends beyond the defence industry. They have promised a "Bofors Nobel chair of Chemistry" at the University of New Brunswick. A Bofors subsidiary's existing sodium chlorate plant at Magog, Quebec, would be expanded at a cost of C$31m.

A sister company, Nobelpharma, says that its Canadian subsidiary will give dentists special training in a new method of teeth reconstruction if Bofors wins the contract.

The Canadians have given no clue yet to their preferences among the three bids. An armed forces officer says that the quality of all three "has been superb." None of the groups has yet emerged as a clear favourite, and all are relying heavily for the time being on the Ottawa grapevine to assess their chances.

Japan to renew US vehicle export curb

BY CARLA RAPOPORT IN TOKYO

JAPAN is to maintain voluntary restraints on vehicle exports to the US for another year to help ease trade friction between the two countries.

The move, announced by Ministry for International Trade and Industry (Miti) officials, will hold exports to the US to 2.3m units in the year beginning this April. The restraint ceiling, which has been in place for five years, was raised to 2.3m units last year from 1.85m units for each of the previous four years.

Miti said yesterday that vehicle exports accounted for nearly one-third of the increase in the US trade deficit in Japan last year, which hit a record $49.7bn (£29bn).

It is understood that without the restraints, vehicle exports to the US this year were set to rise by about 20 per cent in unit terms.

Asked whether voluntary restraints would continue indefinitely, a Miti official said yesterday: "The US should not see voluntary restraints as a right."

Reaction among the major Japanese automakers to yesterday's announcement was mixed.

Mr Yutaka Kume, president of Nissan Motor, said the decision was made "for political reasons rather than from the viewpoint of industrial issues."

The original purpose of the restraints—relief for the US automotive industry—had been achieved, he claimed.

Mr Kenichi Yamamoto, Mazda's president said, considering the imbalance and political situation between the two nations, it would be difficult to avoid continuing the current voluntary restraints for 1986.

A Toyota official, Japan's largest vehicle maker, said the restrictions hinder free competition and would eventually weaken the automobile industry as a whole.

HITACHI, one of Japan's leading consumer electronics companies, has won an order for 15 computer systems from the People's Bank of China in a deal said to be worth between $25m and $30m (£17.5m and £21.4m), Carla Rapoport reports.

This is believed to be the first Chinese deal involving major computer systems since the Cocom ban on exports of computers was lifted in January.

Hitachi said yesterday that the order from the central bank could be the first step toward selling systems to banks across China.

As at September last year, Hitachi had sold a total of 190 computer systems to China, and total sales in the year ending last March were worth Y87bn (£262m).

West German sales to China more than double

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S exports to China, one of the fastest growing markets for its industry, more than doubled last year to DM 6.4bn (£1.6bn).

This compared with a slight fall in West German exports to the Soviet Union to DM 10.5bn. It was the second successive year exports to Moscow dropped. The decline, however, was less severe than experienced by other Western countries.

West German exports to the Soviet Union's Comecon partners in Eastern Europe continued to rise despite the problems several of them were having with their western debts.

The figures reflect what German businessmen have been saying for more than a year.

Business is booming with China while the Soviet Union has been holding off on large purchases of plant and equipment. Moscow is still drawing up the Five-Year Plan for 1986-1990 which will determine whether the emphasis will be on structural changes in the economy leaving less room for large industrial projects supplied by the West.

The Germans are worried that Moscow's falling hard currency earnings from its oil sales in the West could lead to a further drop in exports to the Soviet Union this year from West Germany and other countries of the Organisation for Economic Co-operation and Development.

The dramatic rise in West German exports to China was partly accounted for by contracts such as the hot rolling mill at Baoshan and other plant and equipment contracts concluded in 1984 and 1985. Half of West Germany's exports to China normally consist of plant, machinery and vehicles.

West German traders in China have long enjoyed an advantage over their rivals. It stemmed from the contracts they signed with the Chinese before the World War I in which they were the first to recognise their Chinese partners as equals.

West German sales to Eastern Europe, where Bonn has led OECD since the early 1960s, continued to rise. Despite Poland's serious debt problems, it boosted imports from West Germany by more than DM 500m last year.

Hungary, too, sizeably increased its imports from West Germany while Bulgaria took nearly DM 300m more in West German goods than in 1984.

Poland boosts exports to Britain by 20%

BY PETER MONTAGNON

POLAND'S exports to Britain rose 20 per cent to £320.2m last year—much faster than the overall increase in exports to the West which was only 5.4 per cent, a senior Polish official said in London yesterday.

With British exports to Poland rising 8.4 per cent to £184.1m, this left Poland with a surplus in its trade with Britain of £136.1m, according to Mr Zygmunt Krolac, Commercial Minister at the Polish embassy.

Coal sales, amounting to some 1.4m tonnes, had not dropped since the end of last year's British miners' strike because of the high content of specialist coking coal, he declared.

Mr Krolac said he expected the 17 British companies with offices in Poland to take early advantage of a new law before the Polish parliament which will allow foreign concerns to enter joint ventures with Polish companies so long as their stake did not exceed 49 per cent.

The law should be passed within the next two months. Although there would be no immediate rush of foreign investment inflows, this would pave the way for consideration of mechanisms to transfer some of Poland's foreign debt into equity along the lines already operated by some Latin American countries.

Mr Krolac said he expected a further increase in Poland's trade with Britain this year, although he warned that continuing debt problems with the West meant that it was now concentrating more efforts on trade with its Comecon partners

India trade deficit soars

BY K. K. SHARMA IN NEW DELHI

INDIA's trade deficit in the first half of this financial year soared to Rs 41.24bn (£2.5bn), mainly because the country has ceased to export crude oil.

Mr P. Shiv Shankar, Commerce Minister, said exports for the half-year were worth Rs 50.18bn, a decline of 0.7 per cent compared with the first half of the previous year.

Even though exports of many items increased, India ceased to export crude from its Bombay High offshore field because it had now established refining capacity to deal with crude produced there.

Imports during April-September, 1985, were worth Rs 91.42bn, a sharp rise from Rs 73.45bn in the same months of 1984. This was mainly because of an increase in imports of fertilisers, cooking oil, sugar, petroleum products and non-ferrous metals.

The minister expected that imports would decline in the second half of the financial year because orders for such bulk goods as fertilisers had been completed in the first half. For this reason, the trade deficit was expected to be proportionately less over the year as a whole.

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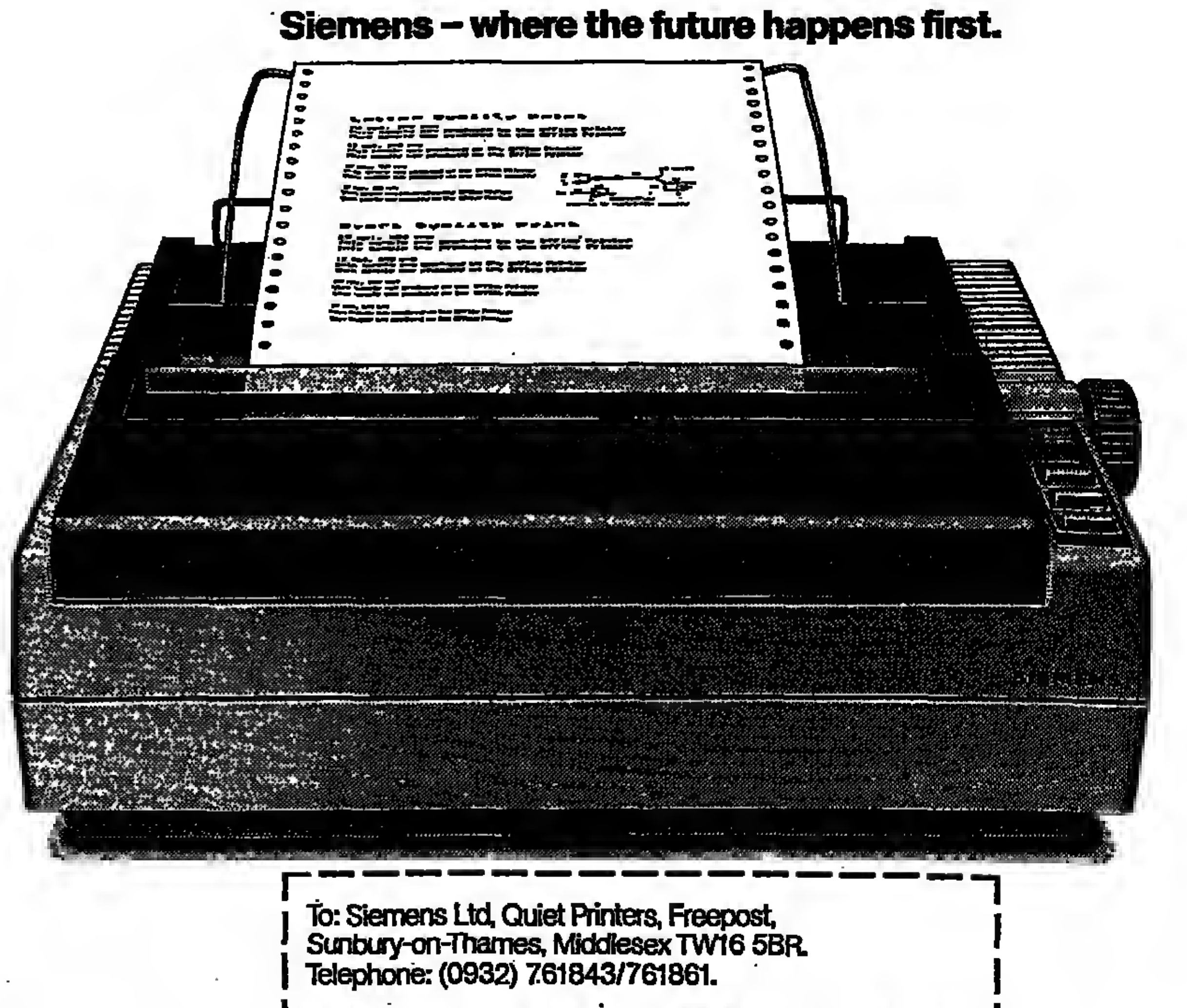

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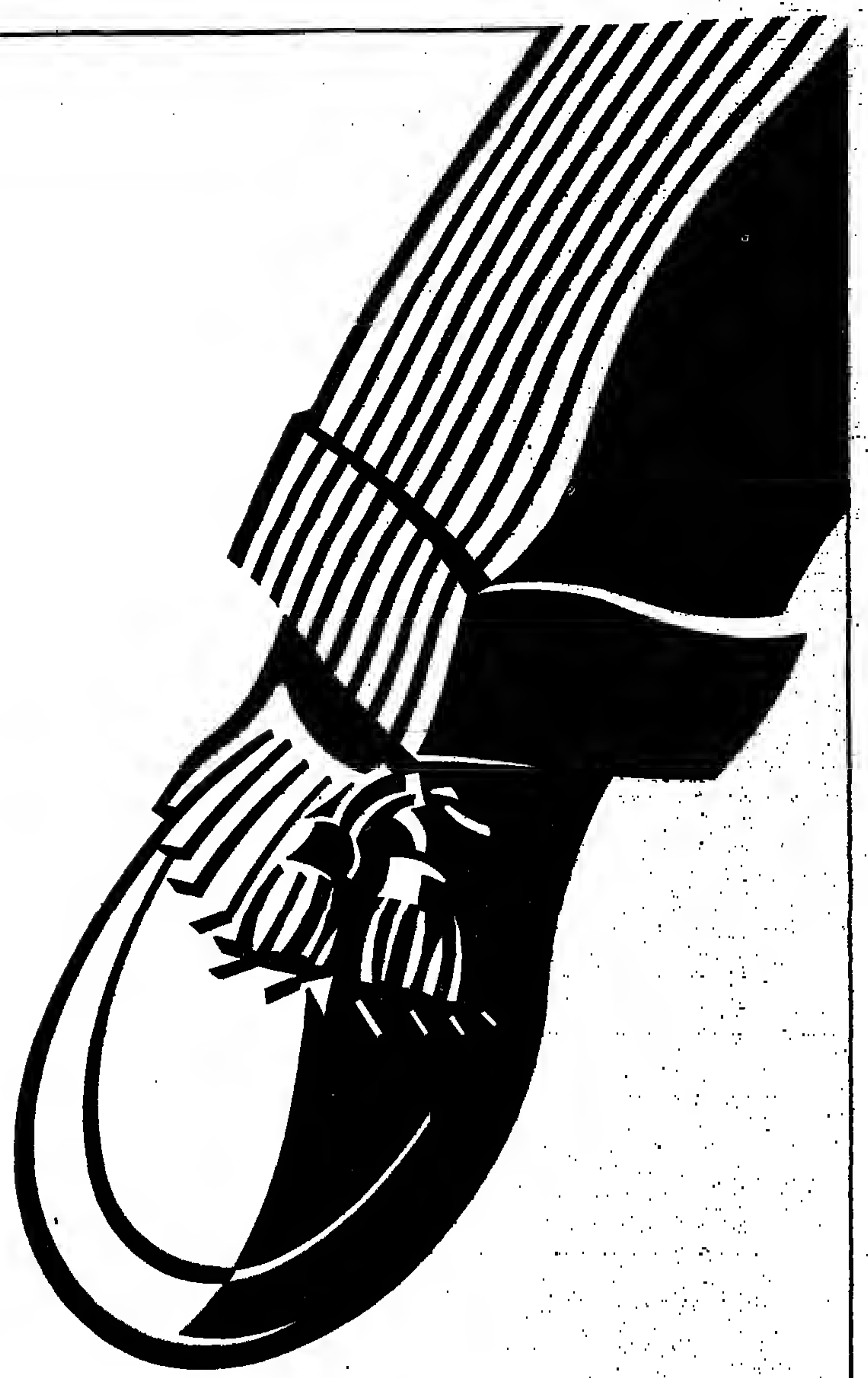

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UK NEWS

Extended powers promised on City regulation

BY NICK BUNKER

THE GOVERNMENT may have to change course significantly to strengthen its proposed system for regulating the City of London after pressure in the House of Commons yesterday from Tory MPs.

In what was seen as a victory for the Securities and Investments Board (SIB), Mr Michael Howard, the Minister for Corporate and Consumer Affairs, gave MPs an undertaking that the Financial Services Bill will be amended to give the SIB powers to change the rule-books of self-regulatory organisations (SROs), such as the Stock Exchange, without first obtaining a court order.

When the bill becomes law, the SIB is expected to receive delegated powers from the Government to supervise the work of the SROs, which will conduct routine market surveillance. The SIB said last night that the minister's decision was "very encouraging." We want there to be no doubt about our ability in a case of need to impose our rule on an SRO.

Any major addition to the SIB's powers is likely to be opposed by the London Stock Exchange, which considers that the bill as it stands gives the SIB the powers it needs to alter the rules an SRO lays down for its members.

Mr Howard's statement, during a standing committee debate on the Bill, came after lobbying by the SIB, which won cross-party support from MPs concerned that it should have the necessary means to ensure that an SRO's rules give adequate protection to investors.

Mr Tim Smith (Conservative) tabled an amendment earlier this week with the backing of five fellow Tory back-benchers on the committee which would give the SIB power to consult an SRO and then alter its conduct of business rules if necessary. He said: "If we want to do an effective job we must give SIB the power it needs. It must be able to act quickly."

The amendment – which was likely to be backed by opposition MPs – was withdrawn after Mr Howard said that he would consult with the SIB, and with SROs, and take steps to change the Bill before its third reading in the House of Commons. "The power for the SIB directly to instigate a rule change will be there, although a lot will turn on the exact wording," Mr Howard said.

The step broadly satisfied opposition MPs, who are still pressing for a stronger SIB with the status of a statutory commission. Mr Bryan Gould, the Labour trade spokesman, who has also tabled amendments close to the SIB's thinking, said that the minister "had yielded to logic and pressure from all sides."

Opinion among SROs is likely to be divided about yesterday's decision, though it is regarded as an issue of central importance.

The London Stock Exchange, which firmly backed the Government's original proposal that the SIB would have to get a court order before altering an SRO's rules, said that the proposed change in the bill "might not be a sticking point, provided that there is adequate consultation, an adequate set of safeguards, an appeals procedure, and that the SIB's power is used only in an emergency."

But the National Association of Security Dealers and Investment Managers (Nasdim) said that it was "sympathetic" to the SIB's position because of the possible need for swift action in an emergency if an SRO's rules were inadequate.

There was speculation last night that adding to the SIB's powers might increase cross-party pressure from MPs to make the board a statutory body more clearly answerable to Parliament.

Mr Gould accused Mrs Margaret Thatcher, the Prime Minister, of "arrogance and insensitivity" in defending Mr Howards's role as minister in charge of the bill against claims that he is subject to a potential conflict of interest as a member of Lloyd's, the London insurance market.

Shares inquiry keeps Westland controversy alive

BY LIONEL BARBER

THE LONDON Stock Exchange committee investigating share-dealing in Westland is to ask Sir John Cuckney, chairman of the British helicopter manufacturer, to give evidence.

The stock exchange inquiry keeps the controversy surrounding Westland alive, despite Wednesday's conclusive vote by shareholders in favour of the rescue plan put forward by Sikorsky, the US helicopter manufacturer, and Fiat of Italy.

Yesterday, the three-man committee took evidence from Mr Alan Bristow, the single largest shareholder in Westland. Mr Bristow repeated his much-disputed allegations that he had been offered a seat on the Westland board and a premium price for his shares at a meeting attended by Sir John and two senior executives representing Hanson Trust and Sikorsky.

Mr Bristow told the committee that the offer was made at a meeting on January 16 at Claridges, the London hotel, with Sir John, Sir Gordon White, chairman of Hanson Industries Inc., the US arm of Hanson Trust, and Mr Hubert Faure, senior executive vice president of United Technologies, the US conglomerate and parent of Sikorsky. He also said that Mr Faure repeated his offer in a telephone call later in the day when he had a witness present.

Sir John, Sir Gordon and Mr Faure have denied Mr Bristow's version of the meeting, which took place on the eve of last month's extraordinary general meeting to approve a Sikorsky/Fiat rescue.

There is further controversy surrounding Wednesday's vote since the result was determined by six mystery shareholders holding 20.33 per cent of Westland. Sir John said on Wednesday that he did not know their identity.

Mr David Horne, managing director of Lloyds Merchant Bank, which has been advising the rival European aerospace consortium, yesterday ruled out any legal action to challenge the vote.

The stock exchange has discovered the identity of three of the six mystery buyers as a result of its share-dealing inquiry. It has established that the other three are represented by Swiss banks. Individually, none owns more than 5 per cent of Westland and is therefore not obliged to disclose its identity.

It is reliably understood that one mystery shareholder is a foreign industrial company with some operations in the UK, which acquired a 4.9 per cent stake in Westland in recent weeks. Two Swiss financial institutions hold a 4.9 per cent and a 1 per cent stake respectively on behalf of unnamed clients.

There are two other shareholders with direct origins in the UK who hold stakes, while the other has a Swiss provenance.

Sir John made no reference to Swiss banks in an opening statement to Wednesday's meeting of shareholders, but he said the company was aware of six nominee holdings on the Westland register of shareholders: R & P nominees (referring to Rowe & Pitman, Westland's brokers); Midland Overseas; Glyn's nominees, and Vidacos (referring to Scrimgeour-Vickers, brokers).

Rowe & Pitman said yesterday that of three nominee accounts mentioned by Sir John, two held shares owned by United Technologies and Fiat. These shares were part of a 9.9 per cent holding built up by Sikorsky/Fiat in the run-up to Wednesday's meeting.

Yesterday, the Sikorsky/Fiat rescue, including a two-for-five underwritten rights issue at 60p a share, took effect. Dealers said that the rights issue diluted shares in the market and Westland shares closed at 85p, down 23p on the day. During last month's hectic trading, when the mystery buyers figured, shares were exchanged at 151p a share.

FIRST MOVE TO MEET PRINT UNIONS OVER WAPPING DISPUTE

Murdoch agrees to hold talks at Acas

BY PHILIP BASSETT AND DAVID THOMAS

NEWS INTERNATIONAL yesterday agreed to hold talks with the Advisory, Conciliation and Arbitration Service (Acas) in what might be the first move towards a resolution of its dispute with the print unions over its new printing plant at Wapping in east London.

This shift in the previously complete refusal by Mr Rupert Murdoch's company to re-enter any negotiations at all over Wapping came as leaders of the Union of Communication Workers (UCW) abandoned the union's blacking of Sun newspaper bingo cards in the light of a court injunction obtained by Mr Murdoch. It became clear, too, that the NGA craft print union, unlike its sister union Sogat '82, will defend itself in court today against a contempt charge.

News International is to contact Acas early next week to arrange a meeting between the company and Acas officials, who would be likely to follow this up with separate exploratory talks with the print unions.

The move by News International came as a direct result of the intervention of the Transport and General Workers' Union, whose members are driving the lorries of the TNT group which is distributing the company's Wapping-produced papers. The Times, The Sunday Times, The Sun and News of the World.

TGWU officials have been holding a series of meetings with the company to discuss the position of their members at TNT, with the clear aim of persuading the company to re-open negotiations with the print unions.

Early yesterday morning, after lengthy talks, the company agreed a statement with officials representing the TNT joint negotiating committee which says: "News International has indicated a willingness to meet with officials of Acas to discuss the present position of the dispute with the print unions."

However, the company also insists in the private statement: "The rights of those already employed in the production and distribution of its newspapers were not negotiable" – suggesting that its insistence that neither Sogat nor the NGA will gain admittance as unions to Wapping is likely to be maintained in its talks with Acas.

Accordingly, the Acas talks may well focus primarily on trying to secure some form of redundancy package for the 5,000 print workers who forfeited their legal right to severance payments when they went on strike, deeming themselves to be dismissed by the company to have been dismissed.

● Mr Robert Maxwell, publisher of Mirror Group Newspaper, said yesterday he planned to launch a colour tabloid daily newspaper before the end of this month.

The move is clearly designed to try to meet the threat from Mr Eddy Shah, whose national newspaper Today is due to be launched on March 4.

It was far from clear last night what Mr Maxwell's intentions are. When asked if the new paper would be a national title, Mr Maxwell replied "Yes," but did not elaborate.

It appears, however, that Mr Maxwell's plan is to launch a colour northern edition of The Mirror daily newspaper printed on the presses of the Daily Record in Glasgow.

Westminster Press group cuts back

WESTMINSTER PRESS, the provincial press group, announced yesterday that it is practically closing down its central editorial operation in London in order to cut costs, Raymond Snoddy writes.

Twenty-nine staff are to be made redundant including 14 journalists. The only two journalists to remain are Mr Mark Barrington Ward, the London editor and former editor of the Oxford Mail, and Mr Jack Foster, political correspondent.

Both will be based in the House of Commons and the central service to Westminster Press' 11 daily newspapers and more than 70 paid-for and free weekly newspapers will be restricted to political news and leader columns.

Westminster Press is part of Pearson, publishers of the Financial Times.

Mr Frank Barlow, chief executive of the Financial Times group, who also became chief executive of Westminster Press in November, said yesterday: "The profits of the business could not sustain a central operation on such a scale."

The London office cost about £3m last year when Westminster Press made a profit of £8m on a turnover of £114m. Mr Barlow has said his aim is that Westminster Press should begin to make profits of 10 per cent of turnover on an annualised basis by the end of this year.

It is clear that the savings at the London office will not be enough on its own to achieve that target. Yesterday's redundancies follow previous cutbacks. In 1983 the wireroom was closed down and most of the service then was delivered to group newspapers by express rail.

The Westminster Press cuts reflect a general trend towards reducing the London offices of provincial newspapers and greater reliance on the Press Association news service to which national newspapers and most provincial dailies subscribe.

The journalists who are being made redundant covered such specialist areas as motoring, television, foreign news and womens' features. A number of editorial assistants and classified advertising staff will also lose their jobs.

Britain in move over radio telephones

By Jason Crisp

THE BRITISH Government and leading UK electronics companies are making a belated attempt to become closely involved in the development of a pan-European system for the next generation of cellular radio mobile telephones.

Most of the work on the proposed European digital cellular radio system – which will cost about £100m to develop and is planned for introduction in 1990 – has been done by the French and West German telephone authorities in conjunction with companies in those countries.

The Trade and Industry Department (DTI) and British Telecom (BT) have commissioned three studies into digital cellular radio by companies which include STC, Plessey, GEC Marconi and Racal.

The move is intended to focus UK research in the area and to help to influence the development of the standards which are to be decided at the end of 1987. Three years ago the British Government rejected pleas from France and West Germany to join them in a European standard for the current generation of cellular radio.

There are currently five field trials of digital cellular radio being carried out in Europe. Companies involved in a variety of consortia include, AEG, Bosch and Standard Electrik Lorenz in West Germany, Matra and Alcatel, two subsidiaries of Philips and LM Ericsson of Sweden.

Mr Colin Davies

IN THE issue of the Financial Times on November 13 1985 we published an article concerning the suspension by Lloyd's of Mr Colin Edward Davies, a former director of the WMD underwriting agency and former underwriter for Syndicate 174/175. This article stated that Mr Davies had been found guilty of dishonestly misappropriating syndicate funds.

We are happy to confirm that the disciplinary committee of Lloyd's decision did not include any finding of dishonesty against Mr Davies and we regret the error in our previous report.

Test case on city grant limit

By Arthur Smith

BIRMINGHAM City Council, in a test case which could prove embarrassing to the Government, is taking legal action against Mr Kenneth Baker, the Environment Secretary. The Council argues that he acted unlawfully in the way he has limited the city's grant entitlement for the forthcoming financial year (1986-87).

The court action could result in the Government having to reimburse the local authority for around £50m of grant it should have received.

Birmingham is concentrating legal action upon the argument that the Environment Secretary applied his grant limit to a "notional" 1986-87 level of £158m. The law however, requires the limit to be applied to the amount of grant actually paid in the current financial year, £185m.

Although the legal argument centres on only £7m it raises the issue of how many other local authorities might benefit from any succes in the courts by Birmingham.

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Volvo declares interest in buying Leyland Bus

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLVO of Sweden is now in the running to take over Leyland Bus from state-owned BL.

It could enter an auction with Metro-Cammell-Weymann (M-C-W), part of the Laird group, which until yesterday seemed to have a clear road.

Mr Peter Morrison, Industry Minister, said yesterday that, after informal talks between Volvo and BL, the Swedish group's merchant bankers, Lazard Brothers, "have registered that company's interest in a possible merger with Leyland Bus and have been invited to pursue any interest further with BL."

He was replying to a question from Mr Dale Campbell-Savours, Labour MP for Workington, north-west England, in whose constituency Leyland Bus operates one of its main factories.

M-C-W's involvement came to light last week when Mr Paul Channon, Trade and Industry Secretary, announced that talks for General Motors, the US group, to acquire Leyland's truck operations and Land Rover from BL were at an advanced stage.

He indicated that, while GM did not want Leyland Bus, M-C-W might buy it to form one British-owned bus business.

Volvo has a heavy commercial vehicle assembly plant at Irvine in Scotland, where it produces all the double-decker buses it sells in the UK – only about 32 last year. It first approached BL about buying Leyland Bus three years ago.

The Swedish group indicated recently that, if it bought Leyland Bus, the only facility likely not to be threatened with closure would be the modern bus factory at Workington. M-C-W has also said that Leyland would have to be further rationalised after a takeover.

In the five years to 1985, demand in the UK for double-deck buses halved to 1,000 and it is forecast to halve again by 1988.

M-C-W produced 891 chassis last year against about 1,400 by Leyland Bus Mr Peter Steadman, M-C-W's director and general manager, said recently: "We have been increasingly concerned that we were competing with a state-owned company which apparently was making losses and putting our future in jeopardy."

US to brief Defence Secretary on progress of Star Wars

BY BRIDGET BLOOM AND PETER MARSH

IMPLEMENTATION of Britain's agreement to participate in the controversial US Star Wars project will be taken a stage further next Tuesday when Mr George Younger, tha Defence Secretary, will receive his first formal briefing from Lt Gen James Abrahamson, the project's director, in London.

Mr Younger will be briefed on progress of the $26bn Strategic Defence Initiative ((SDI) research project, in which Britain is to take part under an inter-governmental agreement signed in December.

So far only 10 research contracts worth a total of £1m are being negotiated between Britain and the US, Ministry of Defence (MoD) officials disclosed yesterday. Significant contracts on the Strategic Defence Initiative (SDI) programme could be two or three years away, they suggested.

There is considerable scepticism in industry that anything like the $1.5bn worth of business first suggested by Mr Michael Heseltine, the former Defence Secretary, could go to Britain in the five years that the research programme is expected to last.

However, senior officials in the special British SDI participation office, set up in December, said a gradual start was to be expected.

"We still have one foot in the starting block. Please don't judge our speed yet," one said.

The participation office – run from the MoD but including officials from the Trade and Industry Department – has a staff of about 12. Its function is to "promote and monitor but in no way control" British participation in the SDI programme.

Mr Younger's meeting with Gen Abrahamson is on the same day as a London conference organised by the Defence Ministry for UK companies wishing to take part in the programme which is designed to formulate by the 1990s a strategy to defend the West by shooting down nuclear missiles.

Gen Abrahamson, with other Pentagon officials and MoD representatives, will address the industrialists.

The MoD officials are expected to provide some details of the Star Wars research agreement, which so far has been kept secret. Although the memorandum of understanding governing participation will remain classified, the MoD intends to issue a "sanitised" guideline in the next few weeks for companies and universities interested in participation.

Eighteen possible areas for common research have so far been identified by the US and the UK. Officials said there were seven other areas which could involve the transfer and exchange of information and technology.

These include battle management and command control and communications, advance computing and surveillance and target acquisition, identification and tracking.

The MoD expects that the memorandum of understanding governing British participation in the SDI programme will remain classified.

However, it is intended to produce a "sanitised" guideline for the use of companies and universities and other institutions interested in participation within the next few weeks.

Halifax unveils plans to build homes

BY CLIVE WOLMAN

HALIFAX Building Society, the largest in the UK, yesterday announced plans to build 3,000 homes a year at an annual cost of £100m under the powers to be granted by the Building Societies Bill now passing through Parliament.

The society is the first to commit itself to specific plans to own and develop land. This will be done through a housing subsidiary company to be set up next year. The Building Societies Bill will allow societies to commit up to 5 per cent of their commercial assets to riskier activities such as unsecured lending and residential property development.

Mr Richard Hornby, Halifax chairman, said that the society would become a housing project controller and financier, employing the services of large or medium-sized builders with the back-up of outside project management specialists.

It would rarely be competing with builders for land, be said, as local authorities would often be more willing to allow a building society than a commercial developer to take over unused inner-city land.

Mr Hornby referred to the reports last year of the Duke of Edinburgh's commission and the Church of England which, he said, highlighted the problems of a deteriorating housing stock.

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AIR CALL

NEC
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Christopher Parkes reports on how vending machines are being revamped

Service automats advance on industry

THE MODERN vending machine is a far cry from the tea dispenser that operated on 10p and a kick. Microprocessors and fibre-optics are displacing mechanical innards and product quality and range have expanded greatly with the arrival of large denomination coins and smart credit cards.

In Japan, the automat concept has been so absorbed by one hotel chain that guests can pass through without requiring any personal contact with the few human staff on the premises.

A video picture of the "receptionist" smiles at the front desk where the visitor, having paid a deposit, is issued with a sensitised card which operates doors, lighting, air conditioning, drinks machines and any of the assorted food and sundries dispensers in the hotel.

The final charge is calculated when the guest checks out by a machine that reads the card, produces an itemised receipt and issues any change.

Europe has yet to succumb on this scale, but the automat is advancing rapidly.

Roboserve, a British specialist company, is already serving the staff areas of many UK hotels. Cooled machines dispense meals for consumption cold or for heating in a microwave oven. They have proved ideal for feeding staff on shifts or guests wanting food in their rooms at odd hours.

Mr William Fattal, Roboserve chairman, says that one UK chain, which uses the company's system to supplement its staff dining service, claims to have reduced its total food bill by 2 per cent.

He offers his company's latest installation in Frankfurt's Intercontinental Hotel as an example of the advantages of vending machines. The rooms in one of the hotel towers have been fitted with Roboserve's automated minibars.

Each contains up to 75 items. As a bottle is removed, the "purchase" is automatically logged at the front desk and a fresh bottle slides into place. The hotel employs one person to operate the network.

Eight people are employed in the hotel's second tower to service the conventional mini-bars – refrigerators with pads and pencils for recording purchases – and which offer only a limited range.

The opportunity to reduce catering staff numbers and cut food costs has attracted hospital administrators, who are reluctant to keep kitchens in use 24 hours a day but need to offer facilities to night staff.

Industry is also beginning to take to the idea of the automated canteen. Machines that can keep food fresh for up to 48 hours are slowly nudging aside conventional catering. Jaguar, the UK motor company, for example, which started with Roboserve drinks vendors, recently installed one of the company's automats.

The key, Mr Fattal stresses, is to provide quality products. "People will eat an airline meal once in a while, but they would soon tire if it were offered every day," he says. "Menu fatigue can also be a problem in conventional canteens."

His company's machines all take china plates – another essential ingredient if the consumer is to be persuaded to relax his natural resistance to a faceless dispenser.

Mr Fattal claims that one of his automats can save an employer up to 50 per cent of the annual cost of subsidising staff canteens.

The Roboserve system is one of the first in the UK to use the smart payment card. Vending equipment can be supplied which will deliver goods on insertion of a card coded to supply up to, say, £5 worth. The purchasing power of the card can be topped up in a machine that accepts £1 coins or other change.

Roboserve, in which City of London institutions such as ICI's and Esso's pension funds hold a 45 per cent equity stake, has developed from a strong base in the UK drinks vending business. Now, the company is meeting success overseas. It is working on a $4m order from Canada for its minibars and is negotiating a $10m deal with a US hotel chain.

In the UK, the competition is fierce. Highly specialised vending companies, like the Gallaher offshoot, Mayfair, which operates cigarette machines, have a tight grip on certain sectors. Nestlé has the British Rail chocolate vending franchise and a Cadbury Schweppes subsidiary has the London Underground operation.

While there are several hundred small operators offering rental, filling and machine cleaning services in all sectors, the biggest manufacturers appear to be focusing their interest on the top and of the market.

Klix, owned by Mars, and Maxpax of General Foods, both with US-based parents, advertise heavily. Klix recently ran a campaign to get its drinks machines into betting shops.

Sankey Vending, a subsidiary of the GKN engineering group, was quick to spot the rapid growth in the number of sports halls and leisure centres. It is working on a stategy to have 3,000 machines installed by 1987 to supply anything from cooling drinks to squash balls and deodorant.

Latest entrant, and at first sight an unlikely contender, is Sketchley, the domestic cleaning and industrial services group, which recently took over Breakmate, a drinks vending and executive catering concern, in a deal worth about £8m.

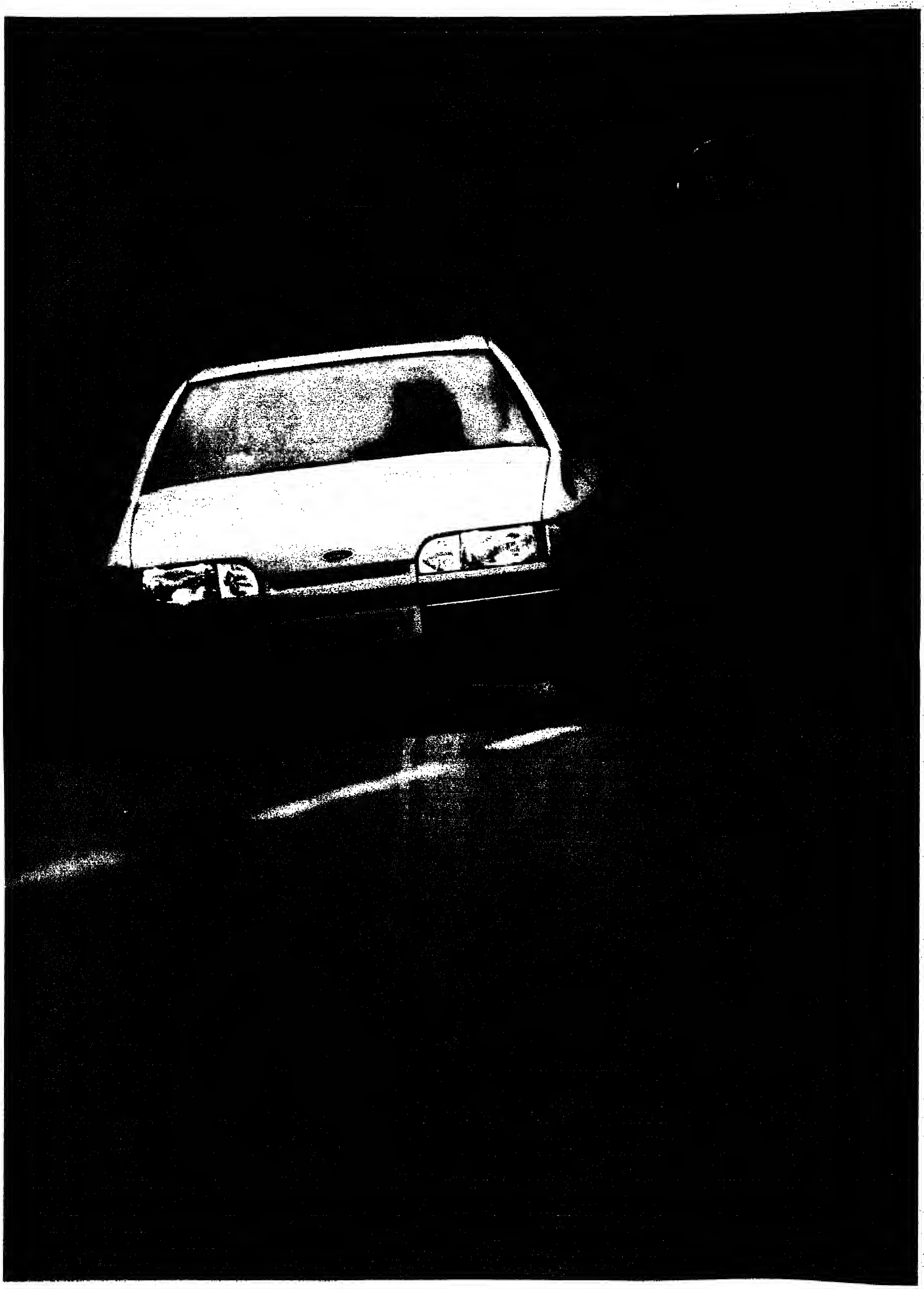
The expertise of Breakmate provides a valuable adjunct to Sketchley's strategy of broadening the range of its services to the industrial sector.

The acquired company will be offered a chance to break out of its main sales area in London. Breakmate, a specialist in machines which dispense free drinks mainly to office clients, does about 70 per cent of its business in the City of London. While other vending companies have suffered from the pruning of manual workforces, the company has flourished as office populations have grown.

Its pre-tax profits have risen at an annual compound rate of 22 per cent over the last five years and by an estimated 45 per cent in 1985.

Now, under the overall control of Mr Tony Coles, chief executive of Sketchley's business-to-business services division, the company fits into the existing package of services, which includes workwear rental, contract cleaning and supplies of items like towels and soap.

There are 10,000 companies in Mr Coles's industrial client portfolio. All of them offer potential outlets for Breakmate, which is already considering a move into automatic canteens as the works tea trolley is prepared for final dispatch to the industrial museum.



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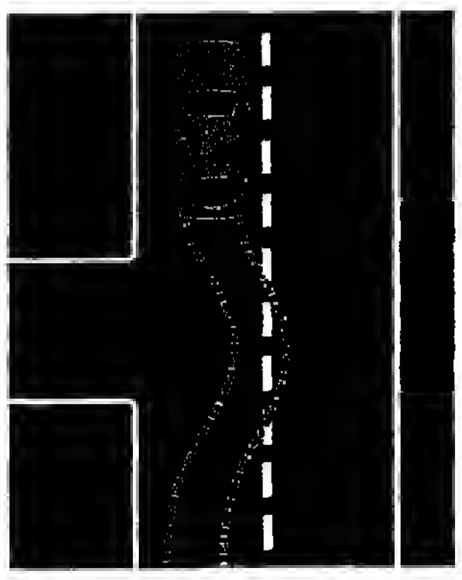
In fact, unless you're a brilliant driver, you'll probably brake too hard and lock the wheels. And everyone knows what happens then. No matter which way you steer, you skid straight on.



Even with the brakes full on you can steer without skidding.

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The system is equipped with tiny sensors which monitor the brakes on all four wheels. When you brake really hard, they can 'feel' if a wheel begins to lock and momentarily release and re-apply the brakes.

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This stops the wheels locking, so instead of skidding across the surface, your tyres should bite into it. That way you can make the most of the grip available and there's every chance that you'll be able to steer out of trouble. All you feel is a slight pulse in the pedal which tells you that the ABS is working.

We think that ABS is the most significant advance in braking systems since the invention of discs. In fact, it was one reason why the Granada was voted 'Car of the Year, 1986.' So you won't be surprised to hear that, more than any other manufacturer, Ford is committed to making anti-lock brakes available to far more people.

ABS is already an option on the Sierra XR4x4. And, far more interestingly, we have now perfected a new mechanical system for front wheel drive cars as well. This will be an option on certain of the 1986 Escorts and Orions.

And, knowing Ford, the story won't stop there.

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TURKISH AIRLINES

UK NEWS

Tax levy on TV exports planned

By Raymond Snoddy

THE GOVERNMENT is to impose a 25 per cent levy on the profits that independent television (ITV) companies earn from the sale of television programmes abroad.

What is in effect a tax on television exports will be announced by the Home Office next week as part of a fundamental change in the operation of the levy system of special taxes paid by companies.

The levy on exports will be balanced by a reduction in the levy on domestic profits from its present two thirds to 45 per cent. As part of the package, Independent Local Radio which is having a difficult time financially, will be exempt from levy in future. At present, the ITV system pays a two-thirds levy on all profits above £650,000, or 2.8 per cent of profits, whichever is the greater.

Since the system was introduced in 1965, the ITV companies have paid nearly £700m in levy which comes on top of normal taxation such as corporation tax.

Yesterday Mr Fred Silvester, a Conservative MP, wrote to Mr Nigel Lawson, the Chancellor of the Exchequer, complaining about the decision.

Mr Silvester said yesterday: "This is, I think, the first occasion on which a Conservative Government has sought to impose taxes on exports."

WORLD TRADE NEWS
GLOBAL COMMENT DAILY IN THE FT

Long-term unemployment figures likely to worsen

BY ALAN PIKE

THE NUMBER of people unemployed for more than three years in the UK – already above 500,000 – will continue to grow, the Manpower Services Commission (MSC), which administers the government employment and training programme, says in its draft corporate plan for the period to 1990.

The MSC says that the number of people who have been out of work for more than a year – the normal measure of long-term unemployment – will stabilise during the early part of the 1986-90 planning period. Those unemployed for more than three years, however, were likely to continue to grow "for some time after the number unemployed for more than one year has stabilised."

One of the factors behind the prediction that the number of people unemployed for more than a year will stabilise is the growth of the Community Programme for the long-term unemployed. At the present proposed rate of expansion there will be about 300,000 people entering the programme in 1986-87.

Young people continue to be disproportionately affected by unemployment, with around 25 per cent of the 18 to 19 age group without jobs. The plan points out, however, that demographic factors are now reducing the number of teenagers entering the labour market. The 16 to 17 year-old population reached its peak in 1981 and in the 1988-1991 period will be falling by about 90,000 a year.

Against this background of continuing unemployment and structural change in the labour market, the MSC corporate plan sets out a programme of objectives designed to provide a more skilled and adaptable workforce and an efficient employment service.

Priorities which the commission will be addressing during the next five years include:

● Developing a more coherent vocational education and training structure for 14 to 18-year-olds.
● Working towards a more relevant and practical curriculum which has the confidence of industry in schools and colleges.
● Attacking skill shortages.

Total MSC expenditure planned for 1986-87 will reach £3bn. This represents a four-fold increase over expenditure in 1979-80, largely as a result of the growth of the Youth Training Scheme and the Community Programme. YTS, currently being extended into a two-year scheme, will consume a third of the MSC's budget in 1986-87.

Railway catering opens for competition

By Andrew Fisher, Transport Correspondent

BRITISH RAIL is planning a big reorganisation of its catering business, with train and station services to be run separately and opened up further to outside competition.

It has no plans, however, to privatise its Travellers Fare catering company, which has an annual turnover of around £100m, mostly on station services, and employs 5,000 people.

BR wrote to unions informing them that the split was taking place to make the best use of the group's financial resources.

Mr John Pallette, BR's personnel manager, said the division into station and train catering reflected the fundamental difference between the two operations.

Train catering would become an integral part of the BR InterCity operation. But catering on trains would also be open to outsiders, one recent example being the serving by Travellers Fare staff of meals prepared by Trust House Forte for the London to Manchester service.

BR told unions that most of the staff would be unaffected by changes in the catering operation. It intends to offer sites on stations to outsider caterers, as it has with the croissant bars that have already opened at main line stations.

Policies on course, says Thatcher

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET Thatcher yesterday vigorously reasserted the Government's main economic and social objectives for the rest of the current Parliament.

In a parliamentary written answer to Mr Nicholas Soames, the Prime Minister said: "We are well on course but there is much left to do. I am fully confident that we will carry forward our policies to a lasting and successful conclusion."

The clear aim is to highlight the Government's self-confidence, after its recent troubles.

The answer contains no new commitments. It principally reiterates existing goals such as holding public spending broadly constant in real terms, and reducing government borrowing and the proportion of national income taken by taxation.

Mrs Thatcher also stressed further measures of privatisation and taking "all necessary action to deal with fraud."

The Prime Minister pledges continued projection for retirement pensions and linked long-term benefits against inflation.

She says proposals will also be developed for "a radical re-casting of the system of local government finance and the eventual abolition of the domestic rate."

Isle of Dogs bites back

John Lloyd hears the mounting objections to proposals for Europe's biggest building project

EVERY NIGHT, on the spit of land in east London called the Isle of Dogs, the islanders – the older among them are survivors of the London bombing during the Second World War – are gathering in community halls to hit back at the latest invader. They agree they may not win, but they will put up a hard fight.

The invader is a US consortium comprising G. Ware Travelstead, the New York developer, the banks Credit Suisse First Boston and Morgan Stanley International, and the First Boston Real Estate group, which is planning Europe's biggest building project at Canary Wharf.

The consortium, Canary Wharf Development, wants to turn this slice of decaying docks into a £1.5bn financial services centre, with 71 acres of office space. An outline agreement with the London Docklands Development Corporation was signed last October and work will start this summer if government approval is given to extend the Docklands Light Railway to the Bank of England.

Objections from the City of London Corporation over the extension is not the only crossfire in which the developers have been caught. This week, at a meeting in the area's St John's Community Centre, Mr Sandy Csobaji, a director of the consortium, and Mr Reg Ward, the development corporation's chief executive, received some of the islanders' objections to the project.

Mr Csobaji is a quiet American with an unhappy look when the trouble starts. He says unfortunate things like: "We really tried to come up with a scheme which was really and truly of London and reflects the character of the city."

"What?" said community member Mr David Jordan. "With these three skyscrapers? It's like New York. I've been to New York, I didn't like it."

The Jordan family was sitting near the front at the community centre. With Mr Jordan was Mrs Joan Jordan, his mother, Mrs Rita Jordan, his wife, and Ms Patricia Jordan, his sister. His mother, whose husband was a docker, has lived on the island for 58 years.

"The wind at the bottom of these skyscrapers would blow you over," she said, sitting beside a model of the scheme with its three dominating towers. "You literally can't walk."

Ms Patricia Jordan asked the best question of the evening.

"Can I ask the American gentlemen: if you get too much opposition – from the people on the island – will you go away?"

Mr Csobaji looked at the table.

A chorus of voices demanded the same question. "Will you go away?"

"I cannot answer that," Mr Csobaji said. "It's a commercial decision ... have to make it at some time."

Mr Ward fared worse. He didn't even have the novelty value of being an American. He talked of the light railway and Mr Jordan cut in to say the railway was not designed for them. "When will we be allowed to use it? It's private."

"You can use it any time, any time," came the response.

Mr Ward found he was struggling against the islanders' native intelligence. He began a long answer to the effect that some people seemed to suggest docklanders couldn't be trained for new high-tech jobs, but ... and got no further.

"What do you think we are on this bloody island," said an enraged man at the back of the hall. "How do you think we made a living before you came to save us?"

"I didn't say..." said Mr Ward.

"There's some bloody good tradesmen on this island," said Mr Jordan.

"I agree with you," said Mr Ward.

"Oh do you?" he said, closing the trap. So how is it that none of them got jobs building the railway?"

Warship yard bidders plan share listings

BY ANDREW FISHER

SHARES IN Vickers Shipbuilding and Cammell Laird could be listed on the London Stock Exchange as early as this summer if the joint management and employee bid for the state-owned warship yards succeeds.

The Government would also receive a golden share, which it could use after privatisation to prevent control falling into the hands of outsiders in the UK or abroad. No shareholder would be allowed to hold more than 20 per cent of the shares.

Employees at the Vickers yard in Barrow-in-Furness, Cumbria, and Cammell Laird on Merseyside, have been offered interest-free loans of up to £500 to buy shares. If they buy this amount or more they will also receive £150 worth of free shares. Employees and management could end up with nearly 25 per cent of the shares.

Trafalgar House, the property, construction and shipping group, is also interested in bidding for the yard. Sealed bids are due on February 25. British Shipbuilders, the yards' parent, will name its preferred bidder early in March.

Still to be resolved, however, is the question of compensation if the £10bn Trident nuclear submarine and missile project is cancelled. The Labour Party has promised cancellation if it wins the next general election, but it has said that it will provide equivalent work.

The decision to seek share quotations in July or August arose because financial details needed for the buy-out prospectus were almost in line with Stock Exchange listing requirements, said Mr Richard Fortin of Lloyds Merchant Bank, adviser to the buy-out consortium.

A listing will become possible, if the consortium succeeds with its bid, once audited accounts for the financial year to March 31 1986 are available. This will comply with stock market rules that such accounts should be no more than six months old at the time of listing.

US DOLLAR THE WORLD VALUE $
IN THE FT EVERY FRIDAY

Fewer ships lying idle

By Andrew Fisher

THE VOLUME of world shipping tonnage idle for lack of work fell sharply at the end of last year to its lowest for nearly four years, as owners took tankers out of lay-up berths for scrapping or to benefit from higher freight rates.

The laid-up total dropped by 5.2m deadweight tons (dwt) in December to 49.2m dwt – 7 per cent of the world fleet – at the end of 1985, the lowest since April 1982, when it was 48.3m dwt, the General Council of British Shipping said.

Since the start of this year, however, tanker rates have fallen again, as the uncertainty over how far oil prices are likely to fall has unsettled trading, especially in the Gulf.

But scrapping of large tankers has continued, with seven large vessels sold for demolition in January as scrap prices increased in Taiwan and South Korea.

WORLD STOCK MARKETS
CHECK EVERY DAY IN THE FT

CASH DISTRIBUTION DECLARED

Enserch Exploration Partners, Ltd. has declared a quarterly cash distribution of 60 cents per unit, payable April 2, 1986; to unitholders of record March 17, 1986. Enserch Exploration Partners, Ltd. (NYSE-EP), a Texas limited partnership, conducts substantially all the domestic oil and gas operations of ENSERCH Corporation (NYSE-ENS).

For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. L, ENSERCH Center, Box 999, Dallas, Texas 75221.

ENSERCH EXPLORATION PARTNERS, LTD.

TO THE HOLDERS OF

Charter International Finance N.V.

8¼% Convertible Subordinated Debentures due 1994

Irving Trust Company, as Trustee under the Indenture, dated as of October 1, 1979, among Charter International Finance N.V. (the "Company"), The Charter Company (the "Guarantor") and Irving Trust Company as Trustee (the "Trustee"), hereby gives notice that on November 13, 1985 the Company filed a voluntary petition of bankruptcy under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the middle district of Florida, Jacksonville Division (the "Bankruptcy Court"). The Guarantor had previously filed a Chapter 11 petition in the same court on April 20, 1984. Each such filing constitutes an Event of Default under Section 501 of the Indenture.

On December 31, 1985 the Guarantor filed with the Bankruptcy Court a proposed form of Disclosure Statement (the "Proposed Disclosure Statement") describing Debtors' Joint Plan of Reorganization (the "Proposed Plan"). The Proposed Plan provides for the treatment of the claims by creditors of the Guarantor, the Company and 43 affiliates of the Guarantor. Under the rules promulgated pursuant to the Bankruptcy Code, the Proposed Disclosure Statement and Proposed Plan will not be generally distributed to creditors until and unless the Proposed Disclosure Statement has been approved by the Bankruptcy Court.

The Bankruptcy Court has set March 18, 1986 as the last date upon which creditors may file proofs of claim in the Company's bankruptcy proceeding. The Trustee intends to file a Proof of Claim on behalf of the Debentureholders pursuant to Section 504 of the Indenture.

Dated: February 14, 1986

Irving Trust Company, *as Trustee*
Corporate Trust Department
One Wall Street
New York, New York 10015

NOTICE OF REDEMPTION

Industrial Mortgage Bank of Finland Limited

(Suomen Teollisuus-Hypoteekkipankki Oy)

Land and Industrial Mortgage Bank Limited

(Maa- ja teollisuuskiinteistöpankki Oy)

Finnish Real Estate Bank Limited

(Suomen Kiinteistöpankki Oy)

8¼% Guaranteed Finnish Municipalities Bonds due March 15, 1987

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 15, 1972 under which the above-described Bonds were issued, that Irving Trust Company, Fiscal Agent, has selected by lot for redemption on March 15, 1986 through the operation of the sinking fund, $1,859,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected for redemption are as follows:

Bond Numbers

53	734	2370	6526	7232	7844	8334	9125	9214	10224	10558	10804	10895	10985	11715	12637	13666	13773	13957	14117	14327
54	735	2371	6527	7233	7845	8335	9126	9215	10225	10559	10805	10896	10986	11716	12638	13667	13774	13958	14118	14328
55	736	2372	6528	7262	7846	8336	9127	9216	10226	10560	10806	10897	10987	11717	12639	13668	13775	13959	14119	14329
56	737	4831	6529	7263	7847	8337	9128	9217	10227	10561	10807	10898	10988	11718	12641	13669	13776	13960	14120	14330
57	738	4832	6530	7264	7848	8338	9129	9218	10228	10562	10808	10899	10989	11719	12642	13670	13777	13961	14121	14331
58	739	4833	6531	7265	7849	8339	9130	9219	10230	10563	10809	10900	10990	11720	12643	13671	13778	13962	14122	14332
59	1436	4834	6532	7266	7850	8340	9131	9220	10231	10564	10810	10901	10991	11721	12644	13672	13779	13963	14123	14333
60	1437	4835	6533	7267	7851	8341	9132	9221	10232	10565	10811	10902	10992	11722	12645	13673	13780	13964	14124	14334
61	1438	4836	6534	7268	7852	8342	9133	9222	10233	10566	10812	10903	10993	11723	12646	13674	13781	13965	14125	14335
62	1439	4844	6535	7269	7853	8343	9134	9223	10234	10567	10813	10904	10994	11724	12647	13675	13782	13966	14126	14336
63	1440	4845	6536	7270	7854	8344	9135	9224	10235	10568	10814	10905	10995	11725	12648	13676	13783	13967	14127	14337
64	1441	4846	6537	7271	7855	8345	9136	9225	10236	10569	10815	10906	10996	11726	12649	13677	13784	13968	14128	14338
65	1442	4847	6538	7272	7856	8346	9137	9226	10253	10570	10816	10907	10997	11727	12650	13678	13785	13969	14129	14339
66	1443	5536	6539	7273	7857	8347	9138	9227	10254	10571	10817	10908	10998	11728	12651	13680	13786	13970	14130	14421
82	1444	5537	6540	7274	7858	8348	9139	9228	10255	10572	10818	10909	10999	11729	12652	13681	13787	13971	14131	14422
83	1445	5538	6560	7275	7859	8811	9140	9229	10256	10573	10819	10910	11000	11730	12653	13682	13788	13972	14132	14423
84	1446	5539	6561	7276	7860	8812	9141	9230	10257	10574	10820	10911	11001	11748	12654	13683	13789	13973	14133	14424
85	1447	5540	6562	7277	7861	8813	9142	9231	10258	10575	10821	10912	11002	11749	12655	13684	13790	13974	14134	14425
86	1448	5541	6563	7278	7863	8814	9143	9232	10259	10576	10822	10913	11003	11750	12656	13685	13799	13975	14135	14426
87	1449	5542	6564	7279	7864	8815	9144	9233	10260	10577	10823	10914	11004	11751	12657	13686	13800	13976	14136	14427
88	1450	5543	6565	7280	7865	8816	9145	9234	10261	10578	10824	10915	11005	11752	12659	13687	13801	13977	14137	14428
89	1451	5544	6566	7281	7866	8817	9146	9235	10262	10579	10825	10916	11006	11753	12660	13688	13802	13978	14138	14429
90	1452	5545	6567	7282	7867	8818	9147	9236	10263	10733	10826	10917	11007	11754	12661	13689	13803	13979	14139	14430
91	1453	5546	6568	7283	8188	8819	9148	9237	10264	10734	10827	10918	11053	11755	12662	13690	13804	13980	14140	14431
92	1454	5547	6569	7284	8189	8820	9149	9238	10265	10735	10828	10919	11054	11756	12663	13692	13805	13981	14141	14432
93	1455	5548	6570	7285	8190	8821	9150	9239	10266	10736	10829	10920	11055	11757	12664	13693	13806	13982	14142	14433
102	1586	5549	6571	7286	8191	8822	9151	9240	10267	10737	10830	10921	11056	11758	12665	13694	13807	13983	14143	14434
103	1587	5550	6572	7287	8192	8823	9152	9241	10268	10738	10831	10922	11057	11759	12666	13695	13808	13990	14144	14435
104	1588	5551	6573	7367	8193	8824	9153	9242	10269	10739	10832	10923	11058	11760	12667	13696	13809	13991	14145	14436
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
346	2355	5597	7169	7829	8319	9110	9199	10208	10543	10788	10879	10970	11699	12622	13648	13753	13942	14102	14312	14956
347	2356	5598	7170	7830	8320	9111	9200	10209	10544	10789	10880	10971	11701	12623	13649	13754	13943	14103	14313	14957
348	2357	5599	7171	7831	8321	9112	9201	10210	10545	10790	10881	10972	11702	12624	13650	13755	13944	14104	14314	14958
349	2358	5600	7172	7832	8322	9113	9202	10211	10546	10791	10882	10973	11703	12625	13654	13756	13945	14105	14315	14959
350	2359	6501	7221	7833	8323	9114	9203	10212	10547	10792	10883	10974	11704	12626	13655	13757	13946	14106	14316	14960
724	2360	6502	7222	7834	8324	9115	9204	10213	10548	10793	10884	10975	11705	12627	13656	13763	13947	14107	14317	
725	2361	6503	7223	7835	8325	9116	9205	10215	10549	10794	10885	10976	11706	12628	13657	13764	13948	14108	14318	
726	2362	6504	7224	7836	8326	9117	9206	10216	10550	10795	10886	10977	11707	12629	13658	13765	13949	14109	14319	
727	2363	6505	7225	7837	8327	9118	9207	10217	10551	10796	10887	10978	11708	12630	13659	13766	13950	14110	14320	
728	2364	6506	7226	7838	8328	9119	9208	10218	10552	10797	10888	10979	11709	12631	13660	13767	13951	14111	14321	
729	2365	6507	7227	7839	8329	9120	9209	10219	10553	10798	10890	10980	11710	12632	13661	13768	13952	14112	14322	
730	2366	6508	7228	7840	8330	9121	9210	10220	10554	10800	10891	10981	11711	12633	13662	13769	13953	14113	14323	
731	2367	6509	7229	7841	8331	9122	9211	10221	10555	10801	10892	10982	11712	12634	13663	13770	13954	14114	14324	
732	2368	6510	7230	7842	8332	9123	9212	10222	10556	10802	10893	10983	11713	12635	13664	13771	13955	14115	14325	
733	2369	6525	7231	7843	8333	9124	9213	10223	10557	10803	10894	10984	11714	12636	13665	13772	13956	14116	14326	

On March 15, 1986 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the corporate trust office of the Fiscal Agent, Irving Trust Company, attention Trust Services Department, Corporate Trust Window, 101 Barclay Street, New York, NY 10015, in the Borough of Manhattan, City and State of New York. At the option of the holder, such payment (by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City) will be made, subject to applicable laws and regulations in the country of each of the following offices or agencies, at the main office of Irving Trust Company in London, of Kredietbank N.V. in Brussels, of Berliner Handels—Gesellschaft—Frankfurter Bank and of Deutsche Girozentrale—Deutsche Kommunalbank—in Frankfurt/Main, and of Kredietbank S.A. Luxembourgeoise in Luxembourg.

From and after such redemption date, interest on the Bonds selected for redemption will cease to accrue. Interest coupons due March 15, 1986 should be detached from the Bonds and presented for payment in the usual manner.

Irving Trust Company
as Fiscal Agent

February 14, 1986

Hanson's US profits. Are they a patch on what they seem?

In 1985, nearly half Hanson Trust's profits came from its US arm – Hanson Industries.

Between 1980 and 1985, Hanson Industries' profits increased by an apparently impressive £111 million.

But are they really what they seem?

£96 million of that £111m. came from profits bought in – through acquisition.

A further £9m. came from the fortune of dollar/sterling exchange rates.

Which leaves £6m., a sad little 6%, from organic growth. Then take out inflation and we find that, in real terms, Hanson Industries' organic profits went backwards between 1980 and 1985.

This chart shows company-by-company performance, 1980 to 1984 (the latest available full figures):

Source: Based on Hanson audited accounts. *Index:* 1980 or first full year of Hanson ownership = 100

Bleak figures: and maybe more to come?

Hanson Industries now owns a company called US Industries. Sir Gordon White, Chairman of HI, has a plan for US Industries: to apply "the same sound business principles that have brought uninterrupted growth and profitability to the different businesses acquired by us since 1973."

Sound? Uninterrupted? Growth? At least US Industries has been warned.

The Imperial way is to grow its own profit. Even in the States, that is not the Hanson way.

Famous brands doing famously.
IMPERIAL GROUP

The sources for the information contained in this advertisement are set out or referred to in the press release issued by Hambros Bank Limited on behalf of Imperial Group plc. on the 10th February 1986. The directors of Imperial Group plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed are fair and accurate. The directors accepted responsibility accordingly.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

European working patterns

Few women are reaping the benefits of change

Hazel Duffy reports that, despite some progress, career opportunities for women are still limited, as is exemplified by the banking sector

CATHERINE KRUG displays a quiet confidence in the way she does her job. In the ultra-modern Brussels office which is the computer centre of Banque Bruxelles Lambert, she is helping decide how a new, computerised cash management programme should be packaged so as to have maximum appeal to the bank's corporate clients.

She has just returned from a week-long training course, held off the premises, where the technical aspects of the programme were explained. When the package is complete, she will visit clients, with a view to their taking the programme, and also senior managers in the branches, with whom she will discuss the marketing of other services growing out of the computer links between companies and BBL.

Krug, 25, is one of a new breed of working women in Europe. She is breaking the obstacles which have traditionally surrounded women working in European banks and other organisations as anything other than clerks and machine operators. She came in as a graduate trainee. Yet only a few years ago, few European banks took women in this capacity; now, half BBL's graduate intake is female.

She works with new technology out of choice. "I wanted to do something more exciting than traditional banking," she says. Her attitude towards her job and future displays a similar break with previous practice. She is married, and plans to have children. But she does not anticipate any break in her career as a result. She is ambitious. If, in two to three years' time, she has not been promoted, she will consider leaving and starting elsewhere.

Krug is undoubtedly representative of a small, but growing breed of women who are beginning to reap the benefits of change in Europe over the past 20 years or so. Women are better educated than ever before — around half the undergraduate population in Britain, for instance, is female compared with only about one-fifth in the early 1960s — and more women are working than ever before.

But the question asked increasingly by women, some employers and some trade union officials, is whether the social changes of the last two decades are being adequately reflected in the workplace in order to give women the opportunities which more and more of them expect.

In the 10 countries in the European Community, before the entry of Spain and Portugal, just over 40m women work; 66.5m men are in employment. More than a quarter of women work part-time, and some 9m of these part-time workers are married women (only 1.8m men work part-time). About three-quarters of part-time jobs are in the service industries.

The incidence of part-time working varies considerably between countries in the Community, as do the activity rates of women. The national differences reflect social and economic factors to a large extent. For instance, 42 per cent of women employed in the UK work part-time (nearly 4m); in Italy it is just under 10 per cent.

Expansion

The percentage of women working is highest in Denmark, where it is 86 per cent of women in the 25-49 age group, and only 38 per cent in the Irish Republic in this group (63 per cent in the UK). In Denmark, the percentage of women working most closely corresponds to that of men, whereas in the UK the highest percentage is in the 45-49 age group where over 70 per cent are working.

Banking is an interesting sector in which to gain an idea of where women are going. It is a growth area, although employment is tending to stabilise after the rapid expansion during the 1970s. It employs a high proportion of women—over 50 per cent of British bank employees are female, and in most European countries it is between 40 and 50 per cent—and its methods of work are changing significantly with the implementation of new technology.

In some countries, the banks also employ quite a high proportion of part-time workers (virtually all women). In Sweden, it is as much as 30 per cent; 19 per cent in Denmark; around 14 per cent in Britain; but only 2-3 per cent in France. Certainly in Britain, the proportion of part-time working in banking is on the increase—about half the extra 12,000 people taken on by the Big Four (plus Williams & Glyn's, and Coutts) in the past four years are working part-time.

In Britain, at least, part of the reason might be the Government's encouragement of job-sharing, which is part-time working by another name. But Philip Jennings, head of the bank section in the Geneva-based federation of European financial trade unions, FIET, argues that the main reason is to get costs down. FIET is running a campaign to get part-time workers to join unions, and also sponsors two projects with the European Commission, in London and Brussels banks, to promote equal opportunities for women. "Women working part-time have virtually no career opportunities and are frequently excluded from benefits and pension arrangements," says Jennings.

Lack of benefits for part-time working is particularly marked in the private sector. In professions like teaching, and in the civil service, they are more likely to belong to unions and to have access to training and retraining facilities.

In training, however, women frequently do not have the same opportunities as men because of social barriers, in particular those with family responsibilities, which make it difficult for them to attend courses outside working hours.

The advent of new technology means that training opportunities have never been more important, not just training "on the job" but the chance to come to terms with the equipment being used so that the operators actually understand and can develop the scope of their jobs.

Women are often presumed not to be relaxed with new technology, which women's groups (and in some countries their governments) are trying to overcome with courses designed to increase general awareness of technology. Many women, however, are keen to expand their horizons beyond the word processor — but they do not get the chance.

BIFU, a union representing financial sector employees in Britain, says in a recent study* looking at the impact of automation on women's jobs: "Training for lower clerical grades is now almost non-existent. Induction and cashier courses were chopped by all the big banks by the mid 1970s. In-house courses for specialist clerical work are being replaced by in-branch computer-based learning systems confined to the narrowest machining and procedural operations."

Women are particularly vulnerable because they are so heavily engaged in the routine clerical jobs now being rapidly automated in banks and offices.

"There are bound to be large numbers of clerical jobs in banking," says Margaret Carrington, manager of a group set up within the Midland Bank to promote equal opportunities, "and they will be predominantly women." The Midland has 35 women in the management grade compared with over 3,000 men, but efforts are under way to promote more women, not least by encouragement of the women themselves and by "raising the awareness of male managers to the problem."

The policy is beginning to show results at the Midland, despite the fact that there are promotion bottlenecks arising from the re-organisation of the branch network and implementation of technology. Other banks are also promoting more women—Lloyds, for instance, appointed 19 women to managerial grade this year, bringing the total to 67, nearly double that of four years ago.

"We think you'd make an ideal manager—but unfortunately customers find a bald head and moustache more reassuring"

In the supervisory grades, women fare a bit better. Around 15 per cent of women in UK banks come into this category. But that is not as good as in France where 22 per cent of women in banks are in this grade. Even in Scandinavia, the status of women in banking is markedly lower than men.

A survey carried out by the Nordic Banking Union concluded that although no formal distinction is made between men's and women's duties, for instance, in practice they differ considerably. "Women are clearly over-represented in categories such as counter clerk, deposit accounts, telephonist and secretary. Men predominate in the loans, securities and overseas departments, as well as in computer systems and messenger departments."

When it comes to the all-important issue of pay, women's wages lag well behind those of men. French women scored the highest in 1982 with 87 per cent of men's wages (all sectors except agriculture), followed by Denmark's women with 84 per cent. West German working women received 73 per cent of their male colleagues' wages, and British women 69 per cent (in the US it is around 64 per cent).

Equality, say many women, is meaningless without economic equality. Clearly the figures above demonstrate that women are far from having economic equality, with the status of women—despite progress in certain sectors—still far behind that of men. Marie-José Raetsen, a lawyer working on women's rights in the European Commission, says firmly: "Time is working against us. Women are better armed against discrimination than they were, thanks to the activities of bodies like the Equal Opportunities Commission in the UK and legislation on equal opportunities. But the climate of unemployment has led to a reaction, and women are now even being driven back into the home."

Raetsen's remarks owe much to the failure of the Commission to get member governments to adopt three draft directives drawn up in Brussels which would put working women on a more equal footing with men.

Backing away

After agreeing directives on equal pay and opportunities in the 1970s, the governments today are backing away from any further commitments to their women while unemployment is so high. The Commission will make another attempt to get its directives adopted in its next four-year action programme starting soon. It will also hope to strengthen the earlier directives in areas such as reversing the burden of proof from the employee to the employer in cases where discrimination is alleged.

A legislative commitment to positive discrimination (or action, as the Commission prefers to call it) such as has been made by the governments of the US and Sweden is, it seems, very far from the minds of Community governments. There is considerable argument, in any case, as to whether such a move would serve a very useful purpose in creating the sort of climate which will help women.

Many activists on women's rights (and they include men) advocate other measures by governments such as the creation of a ministry for women's rights along the lines of that in France. The Mitterrand government has given Cabinet status to the minister, and introduced measures such as making companies report annually on the relative status of their women employees. It is also using government contracts as a way of putting pressure on employers to provide specific facilities, such as training, for women.

Even so, Yvette Roudy, the minister, is convinced that this is only a start. At a conference earlier this year she identified attitudes towards training as a key factor in perpetuating the old hierarchy of women stuck on the lowest rungs of the ladder. "Training has to start at the education stage if women are to get into the higher-skilled and creative jobs which have been the almost sole preserve of men." That statement would be echoed by women throughout Europe, but there are still precious few signs that girls and women are getting the same sort of training as boys and men.

But the biggest push towards equality will only come when employers recognise that the practice of discrimination—and most are not even aware that they are doing it — is wasteful of a valuable human resource. The most hopeful sign is that there is slow, but growing, awareness of this fact.

** Jobs for the girls? Banking, Insurance and Finance Union, 17 Hillside, London SW19.*

Management abstracts

Criteria changes during new product development. I. A. Ronkainen in Industrial Marketing Management (US), Aug 85 (8 pages).

Describes an investigation (using data from four unnamed companies) into whether the same criteria—which are listed—are used to make decisions at each stage of the new product development process; suggests an orderly approach to innovation, with a uniform set of procedures, in order to reduce risk and improve profit potential.

Premises audits. B. Williams in Facilities (UK), July 85, Aug 85, Sept 85 (9½ pages).

Having dealt with premises audits in general terms in previous article, examines in greater detail the "cost centre 'maintenance,'" stated most commonly to absorb approximately 30 per cent of a building's operating costs. Suggests what to include and what to exclude, how to classify and budget maintenance costs, and how to compare immediate and deferred replacement of inefficient plant. Discusses setting of budgets, establishing policy controlling costs, and the premises auditor's report which—it is stressed—must be framed in the context of existent staff who will be there long after the auditor has gone. The series continues by homing in on insurance risks to be considered by premises auditors pointing out typical costs of insuring buildings and contents.

Paralinguistics. A. Townsend in Journal of European Industrial Training (UK), Vol 9 No 3 (5 pages).

Defines paralinguistics as the way we say what we say, and examines seven aspects of it—timing, emotional tone, speech errors, accent, choice of words and the placing of stresses, considers implications for trainers.

Fleet vehicle selection. B. Veale in Focus on Physical Distribution Management (UK), July/Aug 85 (7 pages).

Evaluates selection criteria for commercial vehicles, using a process involving body and chassis definition, a user specification (which the chassis manufacturer will need to satisfy), and a market survey of available models. Provides a three-stage selection procedure and comments on ordering and post-acquisitions requirements.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p and p); cash with order, from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Putting the squeeze on car engine economy

Peter Marsh on improvements to the humble piston that can bring significant savings in fuel

IMAGINE a hot, murky and deafeningly noisy chamber in which a small piece of metal crashes up and down at up to 100 times a second.

This location, where temperatures of 700 deg C are common and where the pressure may rise to as much as 300lb a square inch, is the home for the pistons in a petrol or Diesel-driven reciprocating engine. These pistons are being examined by motor industry researchers worldwide.

Engineers, in an attempt to devise lighter, smaller engines which consume less fuel and work more quietly, are making pistons using less metal and to closer tolerances, which are normally measured in microns (millionths of a metre).

A leader in the industry is the AE group, based in Rugby, Warwickshire, which has reduced the weight of pistons over the past few years by 30 per cent as a result of innovations such as computerised design, novel casting methods and use of electron-beam welding.

The work mainly applies to car and truck engines but also to motors which drive such equipment as tractors, industrial machines, boats and railways. The total annual world market for piston assemblies (which include rings and connecting pins) is about £1.5bn.

In the car industry, components manufacturers lead in ideas for pistons. Besides AE, leading piston producers include Mahle, Karl Schmidt and Nural of West Germany, Mondial of France, Dana and Eaton of the US and Art Metal of Japan.

Companies such as General Motors and Ford in the US and Fiat, Opel and Renault on the Continent which traditionally relied on their own factories for pistons, are turning more and more to outside suppliers.

Pistons, usually made from silicon-aluminium alloy, are forced up and down on a thin oil layer as a result of explosions between a mixture of fuel and air in a chamber above them.

They are connected to the engine's revolving crankshaft by a rod fixed to a gudgeon pin, which is threaded horizontally through two holes in each piston.

Pistons appear cylindrical but are, in fact, elliptical in cross section. The horizontal axis through the gudgeon pin is elongated, by a few tens of microns, to allow for distortions introduced in the piston by engine heating.

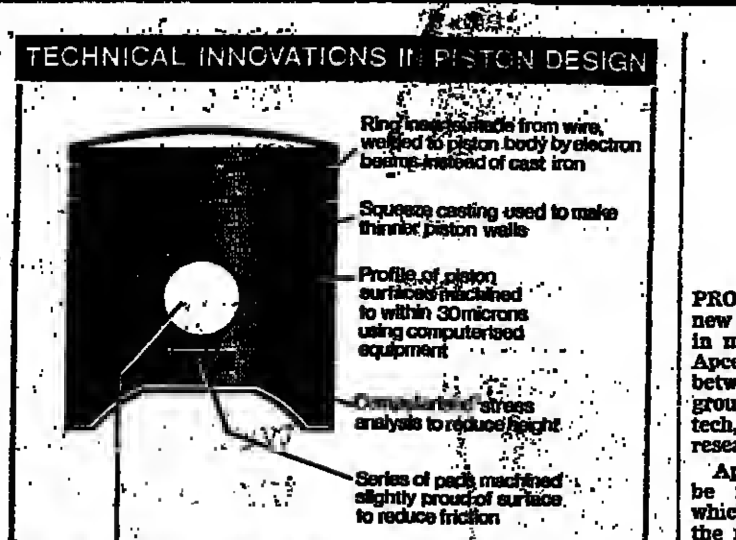
The curved surfaces of the pistons must be machined to high tolerances. They are tapered to correct for the fact that, after the engine is warm, the upper section of the piston (which is closer to the combustion chamber) will expand more than the lower.

Machining of pistons is virtually impossible with standard computer-controlled lathes. Piston manufacturers often make their own production equipment, they keep secret.

The oil film between the piston and the cylinder is no more than 10 microns thick. If the fit is too tight the piston may knock into the chamber, wasting energy through friction and producing noise through "piston slap." Too great a gap will lead to the escape of gas from the combustion area and reduced compression.

AE, an engine components group, based in Rugby, Warwickshire, has spent five years refining technical innovations to pistons.

It is supplying pistons made from a novel casting process, known as "squeeze casting," to a Cummins Engine factory in Columbus, Indiana. They will be used in truck Diesel engines. With the fabrication technique, pistons can be made with thinner sides, which thus uses less metal and weighs less.



Dr Alec Parker, managing director of AE Developments (AE's research arm), says that thanks to squeeze casting and other innovations the company is now turning out for evaluation in the motor industry pistons which weigh 30 per cent less than those in vehicles now.

AE's pistons vary in diameter from about 5 cm to 50 cm and weigh from 400 grams to 60 kg.

Although pistons account for no more than 1 per cent of an engine's weight, a reduction in size and mass may have important effects. One is that an automotive designer can reduce the thickness and weight of the rods which connect the piston to the crankshaft and also (if the piston is smaller) the engine height.

Another effect is to reduce frictional losses in the piston assembly, which account for about 30 per cent of the energy wasted through friction in a car's engine, and to reduce the strain on elements such as bearings.

Dr Parker says that mechanical improvements caused by a 30 per cent reduction in piston weight can lead to a gain of between 2 and 3 per cent in fuel economy.

Acceleration and general engine performance may also be improved, says Mr Richard Belush, manager of structural analysis at Cummins Engine's technical centre in Columbus. "A reduced piston weight will generally give you greater competitiveness," he says.

Sixfold route to making pistons more efficient

AE DEVELOPMENTS, responsible for the AE group's long-term research, has developed novel approaches to piston design which are expected to be incorporated in future car engines. These include:

● Squeeze casting. Aluminium pistons are normally made by gravity die casting, in which the molten metal, at about 700 deg C, is poured between the two halves of a die. As it cools, the metal contracts, leaving tiny air bubbles in the solid metal which takes up the die's shape.

In squeeze casting, the aluminium is pushed into the die under a pressure of 100-150 times that of the atmosphere. The pressure is gradually reduced as the metal cools to about 500 deg C. Any cavities due to shrinkage are filled with extra metal, making the cast object stronger than conventional die-cast items. One problem is the technique's relative slowness.

● Overall design. With the use of computerised techniques to work out the stresses on parts of the pistons, AE's engineers have reduced the thickness of piston walls. Pistons can also be shortened from 7cm to 5cm. This is done by reducing the height of the "skirt," the smooth, near-cylindrical surface of the piston immediately under the rings that glides up and down on the oil film.

● Reshaping pins. The gudgeon pin, which is threaded through two holes in the upper section of a piston and is joined to the crankshaft by a connecting rod, receives most of the stress on a piston.

Due to the vertical movement of the connecting rod, the inner portions of each bore receive a greater stress than the outer segments. AE equalised these stresses by tapering the bores very slightly. As a result, the holes can be inset into the body of the piston, so reducing the length of the pin from 9 cm to 6 cm in a typical piston.

● Ring reinforcement. Around each slot for the piston rings, engineers normally insert into the piston body a reinforcing layer of iron. AE's researchers have instead threaded into the ring slots a thin, light wire of metal alloy.

● Piston manufacture. AE has produced 40 computerised machines for piston production, which are in operation in the company's plants. Dr Alec Parker, managing director of AE Developments, says the machines are "priceless" and are not for sale to outsiders.

With the equipment, a technician can key into a control unit the exact shape, to within about 30 microns, of the piston profile which he requires. A diamond tool cuts out the shape on a piston blank while the latter spins in a vertical plane and moves sideways at the same time.

This is quicker than conventional piston production, in which technicians first produce a "master" piston by a special machining process that can take perhaps 40 hours before then replicating this by a cam-driven lathe.

The process, forced upon manufacturers by the difficulty of profiling pistons with ordinary computerised lathes, is not only time consuming but makes it difficult and costly to make the components in anything other than long runs.

● Friction reduction. AE has inserted into the cylindrical surfaces of its new pistons three small protrusions, each about 5mm square. The pads, which stand up from the surface by about 25 microns, slide on the film and reduce greatly the area of the piston that enters contact with the oil, so cutting mechanical losses.

Pure new testing agent will boost medical research

David Fishlock looks at a powerful new biochemical agent

PRODUCTION OF a powerful new biochemical agent for use in medical tests has started at Apcel, a UK-based joint venture between the US industrial group Air Products and Celltech, the British bio-science research company.

Apcel claims the agent will be much purer than others which have recently reached the market. It will also be expensive: a small quantity is likely to cost several thousand pounds per gram, much the same as an exclusive perfume.

Apcel executives believe, though, that its very high purity will excite scientists designing new analytical tests for clinical, veterinary and food laboratories which are trying to detect the presence of a few parts per billion of living molecules.

In this way, human diseases and conditions can be identified with much greater certainty than before, aiding doctors in making diagnoses and prescribing treatment.

It is the first commercial product to emerge from Apcel since the company was formed in 1984 and is being made at its laboratories near Slough, Bucks. Apcel says it is drawing on skills in bioprocessing and newer kinds of analysis inherited from its parents.

The new product is a protein called streptavidin, refined from the soil bacterium *Streptomyces avidinii*, which is just starting to arouse the interest of analytical laboratories.

Streptavidin itself is not new. It was discovered in the 1960s by Merck Sharp and Dohme, the US pharmaceutical group, during a search for new types of antibiotics. But further research was shelved after streptavidin was found to have only a weak antibiotic action.

Interest has been rekindled recently by the discovery by several research groups that the protein has a powerful affinity for the vitamin biotin, a small water-soluble molecule which is easily separated from egg yolk.

The bond between biotin and streptavidin has proved to be one of the strongest interactions yet found in biochemistry.

For the analyst, this binding has a big attraction. Immunoassay (IA) is essentially an analytical technique in which the high technology is built into the chemicals, rather than into the analytical instruments. The goal of those who invent a new IA test is to reduce it to a foolproof test kit.

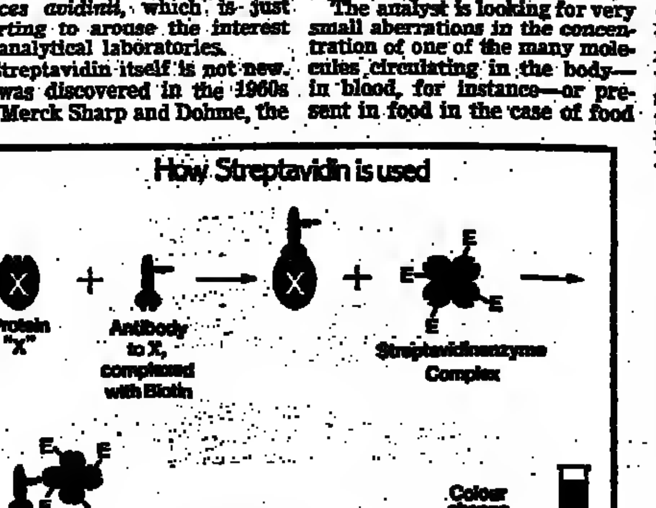
The analyst is looking for very small aberrations in the concentration of one of the many molecules circulating in the body—in blood, for instance—or present in food in the case of food poisons. In IA, a fixed concentration of a molecule (x) which has been "labelled" so that it can readily be recognised later is reacted with a constant amount of antibody to that molecule.

The analyst's new-found interest in streptavidin lies in the strength of the specific bond between biotin and streptavidin, which increases the sensitivity and speed of this kind of test. The bond can be adapted to a wide variety of commonly-used analyses such as radio-immunoassay (RIA), enzyme-linked immuno-sorbent assay (ELISA), and DNA-probe diagnostics. In each case the concentration of the substance sought can readily be measured by the analyst.

The signal which the analyst measures is provided by a streptavidin-bound "label" such as an enzyme or a fluorochrome. The antibody and biotin are joined first, and added to the protein to be analysed. Then the streptavidin and its "label" is added. This develops a colour change through which the concentration of the protein can be measured.

According to Apcel executives, supplies of streptavidin so far have been few and "erratic." The only "bulk" supplier has been Scripps Laboratories in California, but others can supply small amounts.

Apcel is using its own affinity purification system, combined with close control of the fermentation stage, to produce what it claims to be the purest source of streptavidin so far—the only one that offers single-band purity, says Dr Brian Ellis, its marketing director.



● In the drawing, left, X, the molecule of interest is added to its antibody combined with biotin, and added to a known amount of the "labelled" molecule. The label used here is an enzyme. If unlabelled molecules of the same kind are then added from the sample taken for analysis labelled and unlabelled molecules will compete for a fixed number of binding sites of the antibodies. As the concentration of unlabelled molecules increases, the amount of labelled ones bound to antibody will decrease.

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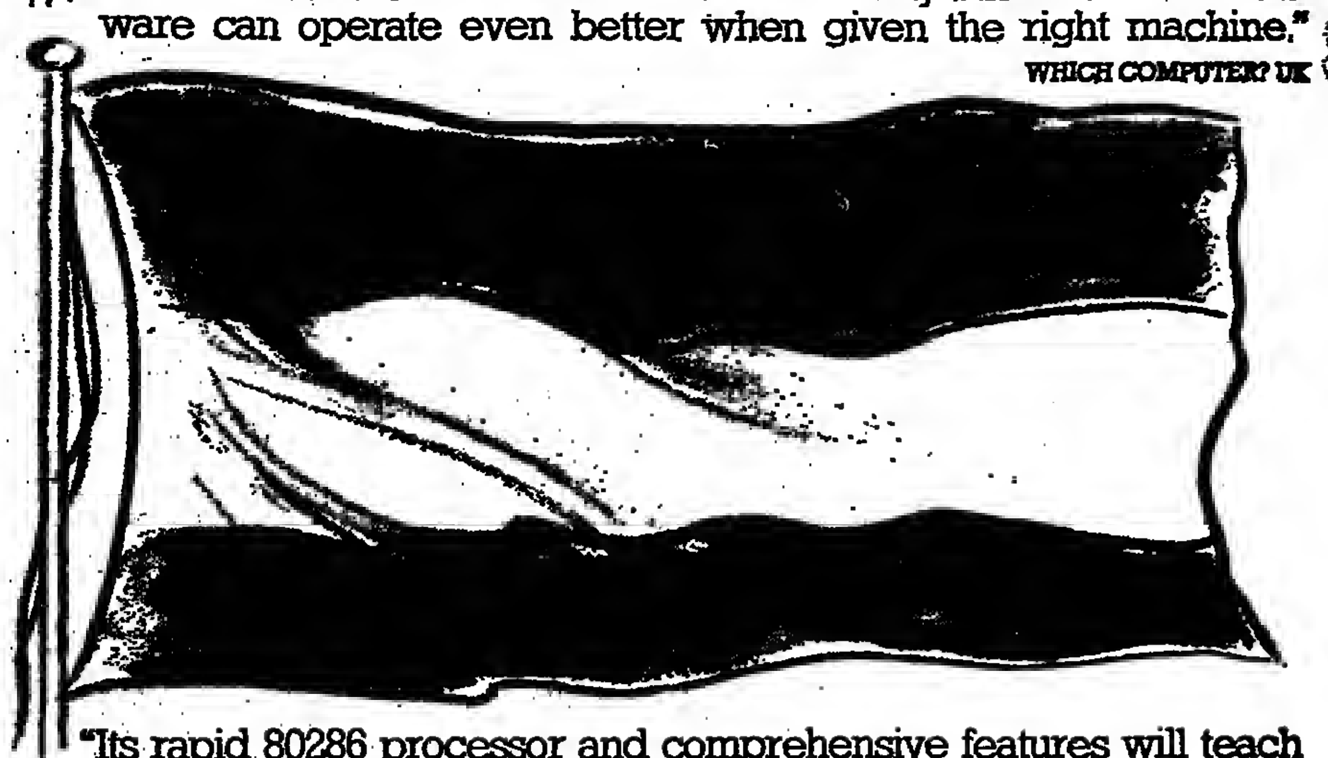

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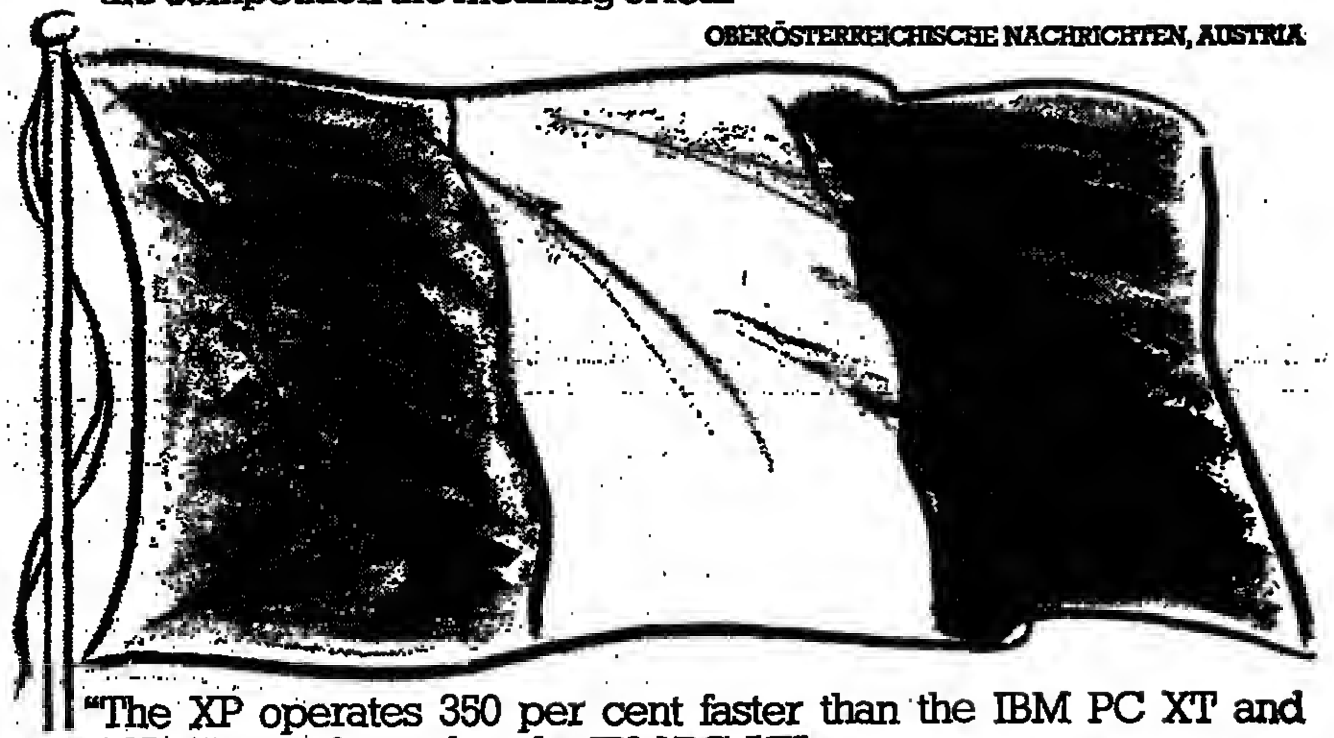

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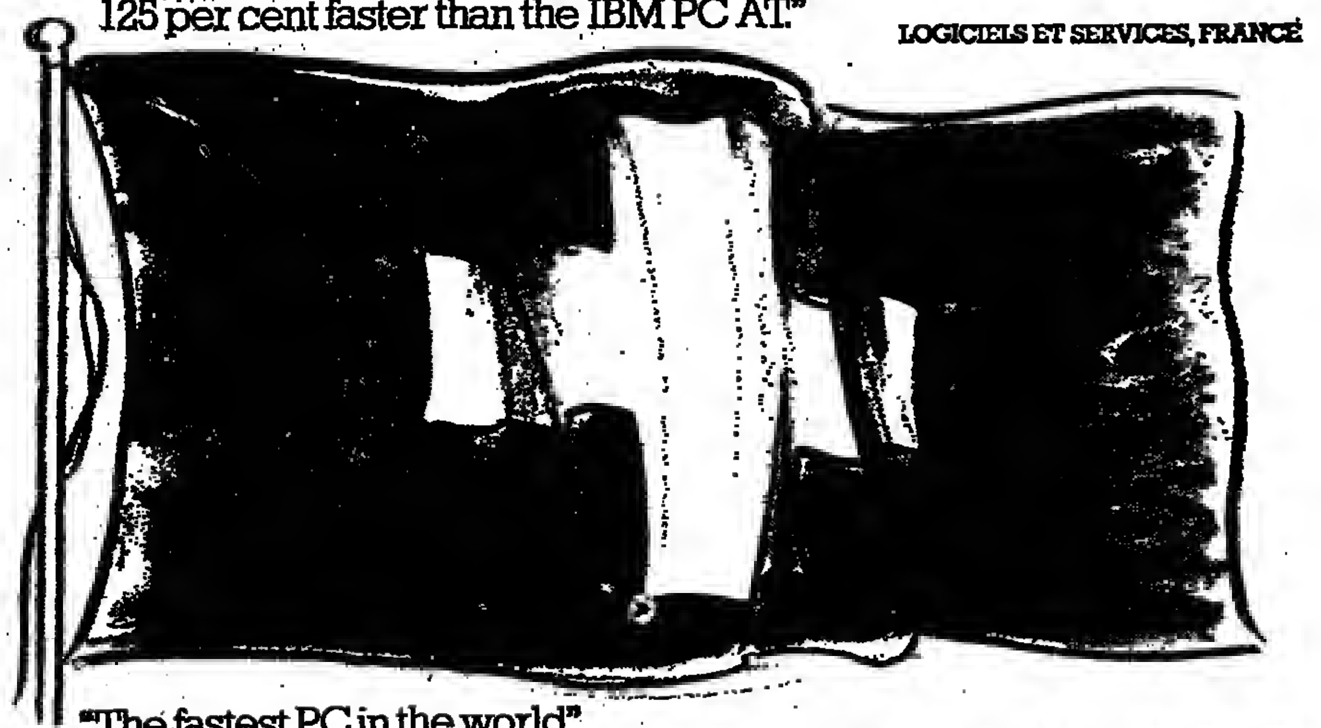

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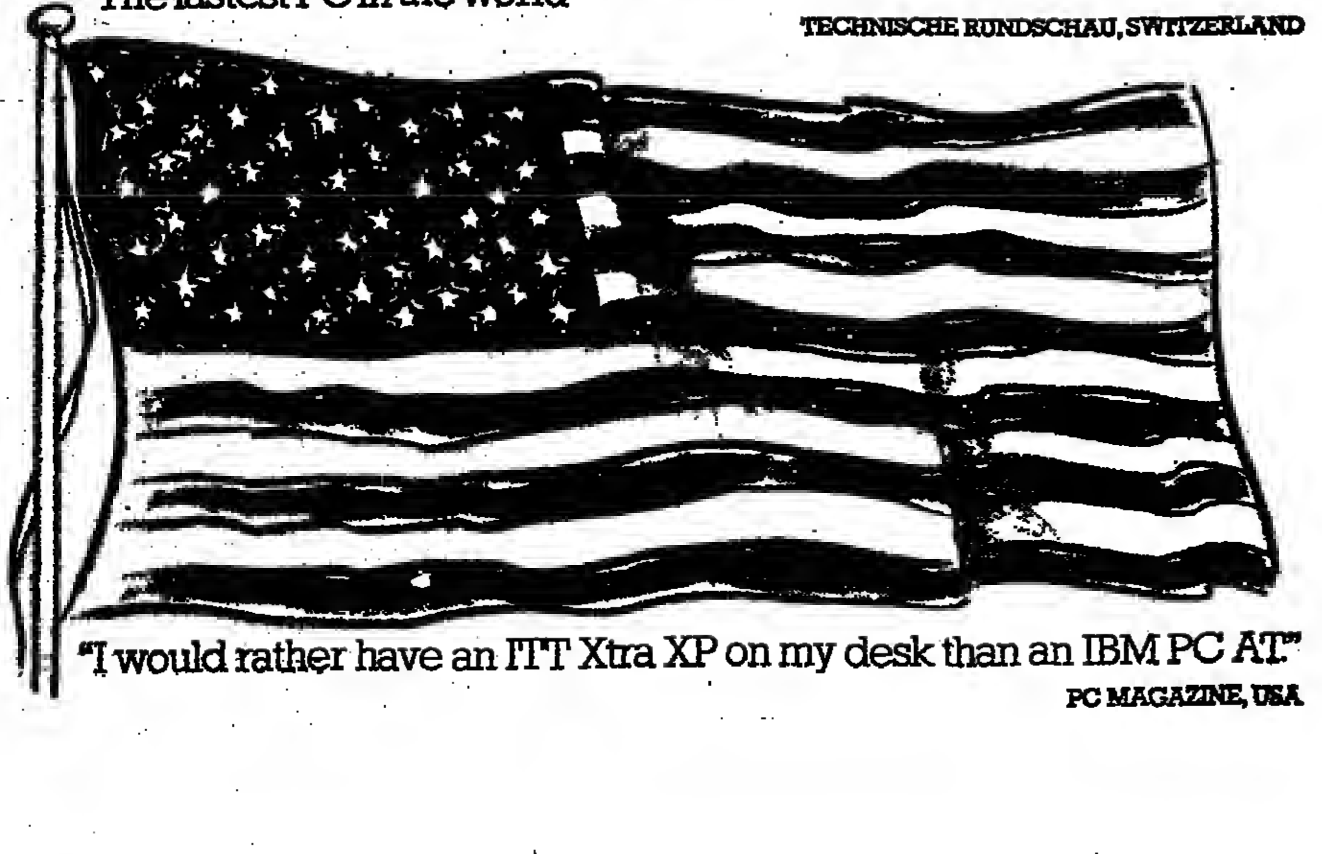

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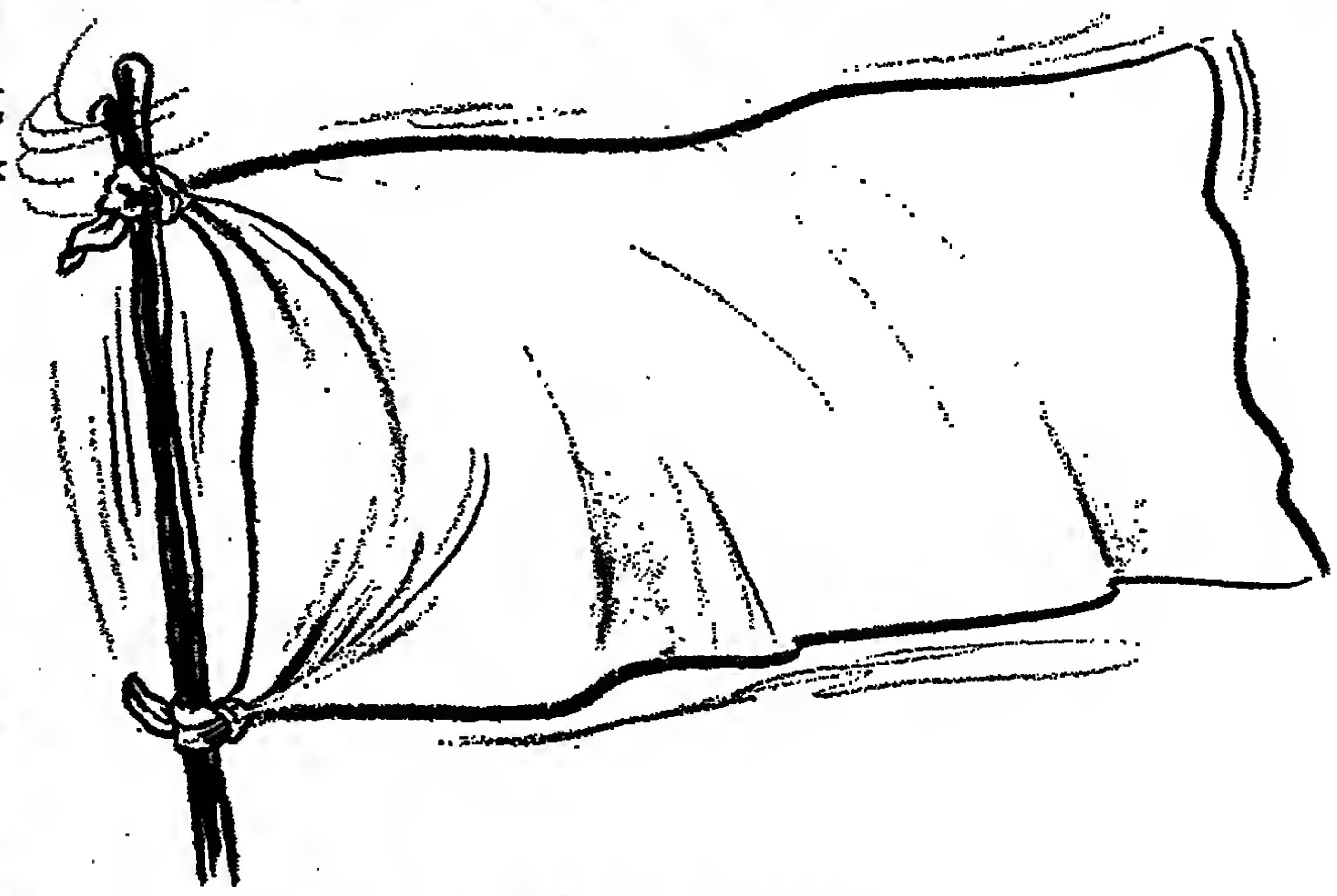

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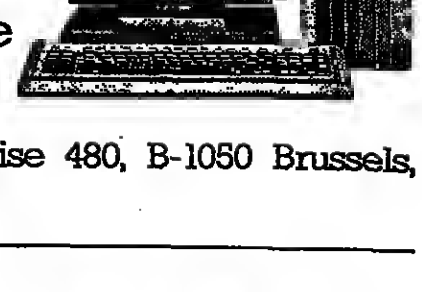

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THE ARTS

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Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Oberon produced by Herbert Wernicke has Peter Seiffert and Gudrun Siebert as leads. Lohengrin brings together Pilar Lorengar, James King and Harald Stamm. Zar und Zimmermann is a well done repertoire performance. (34381).

Hamburg, Staatsoper: Wozzek is steered to triumph by Anja Silja as Marie. Don Carlos, conducted by Guiseppe Patanè, stars Grace Bumbry, Natalia Troitskaja, Giacomo Aragall and Nicolai Ghiaurov. Der Fliegende Holländer has fine interpretations by Ursula Boese and Hartmut Welker. La Traviata and Katja Kabanova, the latter with Anny Schlemm, Gabriela Benackova, Siegfried Jerusalem and Franz Ferdinand Nentwig. (351151).

Frankfurt, Opera: Der Freischütz has Barbara Bonney, Helena Doese and Walter Raffeiner. Aida has Awilda Verdejo in the title role. Also Die Verkaufte Braut and Hoffmann's Erzählungen. (25621).

Cologne Opera: Katja Kabanova has Helga Dernesch and Günter Neumann. Zar und Zimmermann closes the week. (20761).

Stuttgart, Württembergische Staatstheater: Matha, Loriot's first opera production, includes Krisztina Laki, Waltraud Meier and Helmut Berger-Tuna. Siegfried is a Jean Pierre-Ponnelle production. Jules Massenet's rarely played Werther features Yasuko Kozaki and Tero Hannula. (20321).

PARIS

La Traviata alternates with a Ballet Spectacle, Un Jour ou Deux, in Merce Cunningham's choreography, and Washington Square in Rudolf Nureyev's choreography. Paris Opéra (4742 5750).

Britten's The Turn of the Screw conducted by John Pritchard/John Burdekin in Cologne Opera's production realised by Michael Hampe. Opéra Comique (4296 0611).

Rossini's Italian girl in Algiers in co-production by TMP-Châtelet and Ensemble Orchestral de Paris conducted by Gabriele Ferro at the TMP-Châtelet (4233 4444).

Maurice Béjart's 20th century ballet Dionysos danced to traditional Greek music and to music by Manos Hadjidakis, Richard Wagner, Palais des Congres – Porte Maillot (4266 2075).

LONDON

Royal Opera, Covent Garden: Salomé, another of the Royal Opera's numerous rather dowdy revivals of once-glamorous productions, has Gwyneth Jones as Strauss's bloodthirsty teenager, José van Dam, Helga Dernesch, and Robert Tear in other leading roles, and Andrew Davis as conductor. (240 1066).

Royal Opera House, Covent Garden: The Royal Ballet has a triple bill (Wed) with Frankenstein – the Modern Prometheus, Gloria and Consort Lessons.

ITALY

Milan: Teatro alla Scala: Ballet Nationale de Marseilles production of Coppelia with choreography by Roland Petit. Michel Sasson conducts. (80 9126).

Rome: Teatro Argentina: Barber of Seville conducted by Marcello Panni and directed by Aldo Trionfo with scenery and costumes by Emanuele Luzzati. In the cast Angelo Romero, Alicia Nafe, Sesto Bruscantini and Silvano Pagliuca (6544 602).

Bologna: Teatro Comunale: I Vespri Siciliani in what should be an exciting new production by Luca Ronconi with scenery and costumes by Pasquale Grossi. Riccardo Chailly will be conducting here for the first time and the principal roles will be sung by Ronaldo Gialotti, Deriano Lucchetti and Susan Dunn. (222 999).

Turin: Teatro Regio: Un Ballo in Maschera conducted by Donato Renzetti with Juan Pons, Maria Chiara, Carmen Gonzales. (548 000).

Naples: Teatro San Carlo: Andrea Chenier by Umberto Giordano conducted by Romano Gandolfi and directed by Carlo Maestrini. In the cast are Nicola Martinucci, Giovanna Casolla and Piero Cappuccilli. (41 82 66).

NETHERLANDS

Utrecht, Stadsschouwburg. New production of The marriage of Figaro (in Italian) from the Netherlands Opera directed by Rhoda Levine, with the Netherlands Philharmonic and the Opera Choir conducted by Hartmut Haenchen. Jake Gardner as Figaro, and Sylvia McNair as Susanna (Thur). (31 0241).

Amsterdam, Carre Theatre. The Hoofdstad Operetta production of Lehar's Graf von Luxemburg (Tue to Thur). (225 225).

Nederlands Dans Theater on tour with Steptext by Forsythe, and Kilian's ballets Stamping ground (Cuevez) and Svadebka (Stravinsky). Mon in Leeuwarden, De Harmonie (13 8225), Tue in Enschede, Schouwburg (32 32 33), Wed, Thur in Amsterdam, Stadsschouwburg (24 2311).

Amsterdam, Stadsschouwburg. The National Ballet with Haydn symphony by Linkens, and new ballets by Hans van Manen and Toer van Schaik. Tue in Scheveningen, Circus Theatre (55 8800). Wed in Eindhoven, Schouwburg (11 11 22), Thur in Nijmegen, Schouwburg (22 11 00).

Amstelveen, Cultureel Centrum. The Royal Ballet of Flanders with Prokofiev's Cinderella choreographed by Valery Panov.

SPAIN

Barcelona Opera season: Das Rheingold with Bent Norup, Heinz-Jurgen Demitz, Christer Bladin and Horst Laubenthal, conducted by Matthias Kuntzsch. Gran Teatre del Liceu, Sant Pau 1. (318 9277).

VIENNA

Staatsoper (5324/2655): Manon Lescaut conducted by Sinopoli with Freni, Hintermeier, Weikl, Smetana's Die Verkaufte Braut; Fidelio conducted by Fischer with Meier, Ghazarian, Kollo, Grundheber, Adam: Die Zauberflöte conducted by Guschlbauer; Luisa Miller conducted by Buckley, Tosca conducted by Buckley with Meier, Merighi, Adam, Maly, Kunz.

Volksoper (5324/2657): Nicolai's The Merry Wives of Windsor, La Bohème, Heuberger's Der Opernball.

NEW YORK

Metropolitan Opera (Opera House): The week features Samson in the joint Covent Garden production by Elijah Moshinsky with costumes and sets by Timothy O'Brien conducted by Julius Rudel with Leona Mitchel as Dalila and Jon Vickers in the title role. The week also includes Romeo et Juliette with Catharine Malfitano and Neil Shicoff in the title roles, conducted by Sylvain Cambreling as well as the last seasonal performances of Idomeneo. Lincoln Center (362 6000).

Theatre

LONDON

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumbrils, rat stew and rolling heads. (930 4025).

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Celia (Fiona Shaw) threatened by Orlando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and, in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (628 8795).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an *irresistible* performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Blithe Spirit (Vaudeville): Excellent revival of Coward's eternal triangle comedy, notably well costumed and lit, with Jane Asher and Joanna Lumley fleshy and ethereal foils to Simon Cadell's sexually threatened suave novelist. Marcia Warren is a fine Arcati, a serious amateur in woollens and psychic research from South London. (836 9987).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural *affair* with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

WASHINGTON

Restoration (Arena): Edward Bond's combination of contemporary politics and 18th-century high jinx with music by Nick Bicat is directed by Sharon Ott of the Berkeley Rep. (488 3300).

CHICAGO

Fences (Goodman): James Earl Jones plays a 1950s baseball player capable of being in the major leagues but subject to discrimination because he is black, in August Wilson's latest drama about the American black experience. Ends Mar 9. (443 3800).

PARIS

National Theatre, London, Ian McKellen and Edward Petherbridge's NT group: Stoppard's The Real Inspector Hound produced by Stoppard: Sheridan's The Critic produced by Sheila Hancock. Théâtre de l'Europe – Odéon Théâtre (4325 7032).

Music

ITALY

Milan: Teatro alla Scala: Bernd Weikl (baritone). (Mon) Box office: 809 126.

Naples: Teatro san Carlo: Michele Campanella, piano. Bellini, Wagner, Mozart and Gounod (Mon). (418 266).

Monfalcone: Teatro Comunale: Pergolesi's Stabat Mater and sonatas. Clemencic Consort conducted by Rene Clemencic. (Thur) (470 470).

PARIS

Ensemble Orchestral de Paris: Bartók, Stravinsky (Mon). Auditorium de la Sacem, 225 ave Charles de Gaulle, Neuilly (4562 8757).

Katia Ricciarelli recital (Mon). Théâtre de l'Athenée (4742 6727). Tatiana Nikolaevna, piano: Bach, Beethoven. (Wed). Salle Gaveau (4563 2030).

LONDON

Dmitri Alexeev, piano. Chopin. Queen Elizabeth Hall (Mon). (928 3191).

Bach Choir and Philharmonia Orchestra, conducted by Sir David Willcocks; with Ann Mackay, soprano. Bruckner Mathias and Patterson. Royal Festival Hall (Tue). (928 3191).

NETHERLANDS

Amsterdam, Concertgebouw. Edo de Waart conducting the Netherlands Philharmonic. Keuris, Bruckner (Mon). The Concertgebouw Orchestra under Hans Vonk, with Dmitri Alexeev, piano. Mendelssohn, Prokofiev, Debussy, Ravel (Wed, Thur). Recital Hall: Schubert piano recital by Imogen Cooper (Mon). Guy de Mey, tenor, and Raphaella Smits, guitar (Tue). Gabrieli String Quartet (Wed). (71 8345).

SPAIN

Madrid: Chamber music cycle at Teatro Real, with Spanish Chamber Orchestra accompanied by Steven Dann, viola. Barber, Bloch and Toldra. Plaza de Oriente 4. (Tue). (241 9739).

Madrid, Mozart Cycle at Foundation Juan March: Trio Mompou. Castello 77. (Wed). (435 4240).

VIENNA

Hagen Quartet with Eduard Brunner, clarinet. Beethoven, Weber, Schubert. Konzerthaus, Schubert Saal (Mon and Wed).

Kaoru Ozaki, piano. Mozart, Schubert, Schumann, Chopin. Bösendorfer Saal. (Tue).

Vienna Symphony Orchestra, conducted by Heinz Wallberg, with Jan Pospichal, violin. Rubin, Beethoven. Musikverein (Wed and Thur). (658190).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting; Yo-Yo Ma, cello. Elgar, Bruckner (Tue). Lincoln Center (874 2424).

Carnegie Hall: Earl Wild piano recital Liszt the Transcriber, a programme of Bach-Liszt, Beethoven-Liszt, Verdi-Liszt, Schumann-Liszt, Chopin-Liszt, Wagner-Liszt, Paganini-Liszt (Wed). (247 7459).

WASHINGTON

National Symphony (Concert Hall): Andrew Litton conducting; Shura Cherkassky, piano; and Women of the Oratorio Society. Gershwin, Tchaikovsky, Holst (Tue); Leopold Hager, conductor/organist; William Steck, violin; Rudolph Vrsky oboe. Händel, Mozart, Bach, Mendelssohn (Thur). Kennedy Center. (254 3776).

CHICAGO

Orchestra Hall: Montagnana Consort. Bach, Schumann, Dvořák (Wed, 5.45); Chicago Symphony. Leonard Slatkin conducting; Cho-Liang Lin, violin. Fine, Bruch Nielsen (Thur); Chicago Symphony Chorus and Glen Ellyn Children's Chorus. All-Britten programme. (Thur). (435 8122).

TOKYO

The Vienna Octet: Mozart, Schubert. Shinjuku Bunka Centre (Mon). (571 1689).

The Boston Symphony Orchestra, conducted by Seiji Ozawa. Bartók, Beethoven. Hitomi Memorial Hall, Showa Women's College, near Sangenjaya. (Tue). (571 1689).

Exhibitions

PARIS

Homage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles, Ends March 31 (4271 2616).

LONDON

The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal galleries of Burlington House until March 31 (sponsored by National Westminster Bank). A truncated version *has already* been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major art-historical heroes and exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone of the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and whatever he achieved in position and accomplishment was by effort and determination.

WEST GERMANY

Düsseldorf, Städtische Kunsthalle, Grabbeplatz 4: Gerhard Richter, a retrospective of 120 oil paintings of the East German artist, who has lived in Cologne since 1963. The works cover 1962 to 1985. Ends March 16.

BRUSSELS

Women in Pharaonic Times: 96 objects from the Cairo Museum including jewellery, make-up and perfume cases, religious objects and musical instruments reflecting the status of women in Court and Temple roles. Musée d'Art et Histoire. Ends Feb 28.

ITALY

Venice: Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, includes Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.

NETHERLANDS

Haarlem, Teylers Museum. A biographical exhibition devoted to Charles Darwin, his theory of evolution, and its reception in 19th Century Holland. Ends Mar 9.

SPAIN

Barcelona Thesaurus. L'Art dels Bisbats de Catalunya sponsored by the Fundacio de la Caixa and collaboration of Tarragona's Episcopate. 170 works carefully chosen and of great value. All pieces have been cleaned, restored and thoroughly catalogued. Palau Macai, Paseo de San Juan, Barcelona. Ends March 2.

NEW YORK

Guggenheim Museum: 55 important sculptors of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Asia Society: More than 75 sculptures illustrate the five-century long era of the Kushan dynasty in India, when Greek and Buddhist influences were first evident in the country's art. Ends April 6.

TOKYO

Ukiyo-e: Eighty famous prints. Riccar Art Museum (7th floor of New Riccar Building near International Arcade. Close to Ginza and main hotels. Ends Feb 23. Closed Mon.

John Constable: Exhibition of oil paintings. Isetan Museum (Isetan Department Store, Shinjuku). Ends Feb 23. Closed Wed.

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THE ARTS

Cinema/Nigel Andrews

A nuclear family explodes

The Empty Table, directed by Masaki Kobayashi
Streetwise, directed by Martin Bell
Spies Like Us, directed by John Landis
The Muppets Take Manhattan, directed by Frank Oz

Masaki Kobayashi's *The Empty Table* pushes the button on the nuclear family and watches it quietly, spectacularly explode.

In today's audiovisual age, when popular taste seems to shuttle schizophrenically between soap-opera miniaturism on the small screen and Special Effects-stuffed action yarns on the large, there are precious few film-makers offering to bridge the gap between the two. Kobayashi does so in this enthralling 2½-hour family epic from Japan, which combines the intimate with the explosive.

We follow several years in the life of a middle-aged electronics engineer (Tatsuya Nakadai) coping with the infamy and face-loss of his son's imprisonment as a terrorist. As the nation bays for public self-abasement—in Japanese tradition fathers must take the blame for their children's actions—Dad remains unyielding and unmoved. Forswearing both his son and his son's deeds, he watches with a stricken but icy stoicism as his family threatens to disintegrate around him. Will Mother's mental breakdown merge into madness? Will daughter and younger son survive the trauma and stay with the family, or fly off to become rebellious satellites?

But it is Dad who requisitions the spotlight, an unyielding patarnal icon played by Nakadai (of *Kagemusha* and *Ran*) with a fondness for staring straight out past the camera as if into a doomed or unreachable future. Kobayashi's grimly geometric, shadow-wrought staging does not always avoid the woodenness of his *Kwaidan* or *The Human Condition*. But at least here the timber is top quality, and whenever the drama's surface splinters — as in the mother's crack-up scenes (smashing a fish tank and eating the fish, or running amok in her hospital room) — the impact is devastating.

Kobayashi also shows a rare flair for dovetailing the poetic with the realistic. The early siege and shoot-out that deliver the son into police hands (flushed out with fallow terrorists from the mountain hideout where hostages have been seized and killed) is staged as a TV news report, and based on a real event in Japan in the early 1970s. But other scenes that unfold outside the dark pentacle of domestic tension are subtle and dreamlike.

Hieratic, often elusive and certainly long, the movie may strike some viewers as an essay in Oriental inscrutability with breaks for Oriental insanity. But its pensiveness and its pyrotechnics are all of a piece, the picture of a family — and a nation — whose traditional codes and creeds are cracking under pressure from a new world.

*

"Giving blood, there's pain. Falling in love, there's pain ..." (teenage pimp while being tattooed). "The reason I love Rat so much is because he has pretty eyes. I think they're brown, or blue, or whatever ..." (14-year-old hooker on her 17-year-old boyfriend).

Martin Bell's documentary on teenage down-and-outs, *Streetwise*, has dialogue of a batty poetry you could not buy, even if you lined up an infinite number of Hollywood scriptwriters at an infinite number of typewriters. Based on a Life magazine story about Seattle dropouts, by Bell's wife, photojournalist Mary Ellen Mark, it plunges into a world of drug-peddling, prostitution and petty crime which, far from consituting a seedy secret underworld, exists in broad daylight on the brazen surface of the sidewalks.

This fact, combined with the charm, offbeat vitality and street-tough beauty of the teenagers whose lives we follow, makes the movie far more ambiguous and unsettling than the traditional dose of agonised special pleading in front of shaky black-and-white cameras. These are tragic victims (three have died since the film was made) with an air of tragedy whatever. As their stories unfold, Beth, the 14-year-old prostitute with swaggy voice, crafty-narrow eyes and forthright jaw, Rat, her cheerful, skinny, rollerskating boyfriend, or Shadow (18), a handsome pimp addicted to self-decoration (dyed hair, tattoos) seem far more secure than the stumbling adults (welfare officers and parents) who try to help them.

One ends up wondering, in fascinated discomfiture, which is the more tragic group of the two. Is it the teenagers bent, apparently serabically, on self-destruction? Or is it the adults lamentably failing to head them off? Indeed the film's most memorable image is that of the ex-convict Dad weeping with Coca-Cola can in hand over the coffin of his drug-killed son in a funeral parlour, a mere half-hour (in film time) after giving him a heavy-father lecture on how to "grow up."

*

Someone should have given the makers of *Spies Like Us* a heavy-father lecture before they set out on the road to self-destruction. In this spy-spoof caper directed by John Landis (of *Animal House* and *Trading Places*) Chevy Chase and Dan Aykroyd play the two defence department innocents chosen as decoys in a CIA bid to infiltrate Russia and effect nuclear sabotage. The Russians are supposed to think that Chase and Aykroyd are the real spies when in fact the real spies (Donna Dixon and Charles McKeown) are already several steps ahead as we ashay with would-be hilarity through Washington (funny plottings in the Pentagon), Pakistan (funny camels, side-splitting medical mishaps in an army surgical tent) and finally Russia (ribtickling Russkies, exploding cabins and naughty couplings during nuclear countdown).

Chase and Aykroyd mug and quip with heroic desperation. But the good one-liners can be counted on the fingers of one hand, and the good visual gags on the knuckles of one finger.

*

Nor are guffaws plentiful in *The Muppets Take Manhattan*. This is the third and surely last demonstration that the mad menagerie which makes such magic on television invariably falls flat on its collective proboscis when essaying the large screen.

Here the gang foregathers in New York to stage a Broadway musical. Kermit is as always the lovable brains, Miss Piggy provides the porky, hair-swishing glamour and guest stars keep popping up like weeds all over town: Joan Rivers, Liza Minnelli, James Coco, Art Carney, and so on.

But the film is wrecked by poor subplots, twee fantasy sequences and the appallingly misconceived finale of a Kermit-Piggy wedding. This not only raises alarming speculations on the nature of future offspring (pigs with flippers? frogs with trotters?) but rudely terminates the funniest wooing saga in all subhuman history.

The film is billed as the main attraction in an ICA season celebrating 30 years of Jim Henson puppet magic.

Rat, 17, one of the "Streetwise" teenagers

Double Cross/Londonderry

Michael Coveney

There is no evidence that Brendan Bracken, Churchill's Minister of Information during the Second World War and later chairman of the Financial Times, ever met William Joyce, better known as Lord Haw-Haw. Nor does this brilliant new play by Thomas Kilroy for the touring Field Day company at the Guildhall in Londonderry suggest that he did. Bracken was a power broker on the right side; Joyce a treacherous fascist whose rabble rousing with Mosley (he wanted all Jews to be deported to Madagascar) led to patronage by Goebbels and his notorious broadcasts as a minister of disinformation. Each was, in origin, Irish.

Sheridan deals with the two characters separately, but makes use of the broadcasts and some invented film material to draw them together until finally Bracken is seen pursuing his arch enemy across the airwaves. *They still never meet. But both* are played by the one actor, Stephen Rea. Kate O'Toole, daughter of Peter and Sian Phillips, plays their respective women; Richard Howard, Lords Castlerosse and Beaverbrook as well as a Yeats-reading German Anglophile.

This is the best Field Day production I have seen since Brian Friel's *Translations*. Like that play, *Double Cross* discusses national identity in terms of how people see and define themselves and each other. Kilroy is a gifted, literate playwright (his last plays, both seen at the Royal Court, were Tolbot's Box and an Irish Seagull) who, like Friel, a concern for language and the uses to which it is put.

The most important point for him about Bracken and Joyce was their concealed identity. Joyce, though born in New York, was raised in Galway; Bracken was born in Tipperary and was infuriated by his close friend Beaverbrook's revelation that his father, a keen Republican, had once been refused a gun licence. Both left Ireland in the early 1920s and, in the words of the play, "invented themselves."

This is where the play takes off. Sheridan is interested not in scurrility or slander, but in the passionate devotion to causes by men who have joined rather than initiated them. The action switches between London and Berlin as the bombs fall, with flashbacks in each half to childhood incidents and, crucially, personal relationships.

Bracken, who never married, was reserved and austere—Sheridan shows him obsessed by a dead brother, bullied by his father and unable to relax with women. Joyce, more passionate, is thrown into a jealous rage by his wife's dalliance with the German, divorces and promptly remarries her. These scenes are written in a high comic style through which is also filtered a feeling of energy being denied and re-channelled for wider political purposes.

Bracken declares that he is motivated by nothing more than a sense of what it is to be civilised. Joyce is altogether more sinister, from the opening croaking prophecy of England's imminent fall and the black-shirted image of him bearing down from the screen as Bracken pads the corridors of influence.

Apart from anything else, the show is a triumph of virtuoso acting by Stephen Rea, who conveys the warped sense of nationality in an extraordinary delivery of strangulated vowels and glottal stops that avoids any hint of mannerism. Much slighter than was Brecken, be none the less suggests size through disposition of limbs and general posture, his ginger, crinkly-waved wig stunningly removed to reveal the severe bald-cut of Joyce, his body compacting to pocket dynamo size and intensity.

The play is simply designed by Consolata Boyle, very well directed by Jim Sheridan, and the film inserts are the work of Thaddeus O'Sullivan. The play moves to the Lyric in Belfast next week, thence on tour (sponsored by A. T. Cross of Ballinasloe) to Enniskillen, Omagh, Coleraine and on, north and south, until reaching Galway at the end of March.

Goat/Croydon Warehouse

Martin Hoyle

1986 is unlikely to see a sillier play than Louise Page's 80-minute monologue, newly arrived at the Croydon Warehouse from Leighton Buzzard in the last throes of a national tour.

Alice, a high-powered scientist, is engaged in confidential work on the effects of radiation up the alimentary canal. She chats to the goat (invisibly situated in the back stalls) whom she has infected and whose executioners she awaits, prior to examining the animal's innards. They never come. Unease, solitude and claustrophobia are first manifested by nostalgia for the outside world's tea-trolleys ("I could kill for a custard cream"); and become raving paranoia as she comes to suspect that she, not the goat, is the subject of the experiment.

Despite her scientific contempt for anthropomorphism, Alice has a whimsical way with her: "What do you call yourself? Bahh? I'm trying to get to know you. Baa." At one point she addresses herself in the tones of her namesake in Wonderland ("Alice, leave off this instant," she sobs), but our hopes are dashed as she grimly reverts to fulfilling bodily needs behind the stationery cupboard.

Pip Broughton's production attempts to convey the passing of time, though the feckless heroine wears no match and up-to-date government research establishments boast no time-pieces ("If only there was a clock!" exclaims Alice, occasionally clambering on to her desk for a snooze). Alice never goes to the door and walks out — an option she offers at one point to the goat though not the less fortunate audience — until the play's concluding moments.

As a potential symbol of our ostrich-like evasion (not enough like; for a biologist Alice is not well up on our dumb friends) of impending doom, the piece is clumsily contrived. As realistic observation it is twaddle. Carole Harrison speaks the author's drably characterless line with frenetic chirpiness.

Secret Theatre/Logan Hall, WC1

Max Loppert

The London Sinfonietta played Harrison Birtwistle's *Secret Theatre* (1984) for large chamber orchestra in London before taking it, and works by Takemitsu and Weill, on a seven-city Arts Council tour. This is one of Birtwistle's most arresting instrumental compositions, a 35-minute stretch of tingling musical energy of a kind hard to equal in any other area of contemporary music. If all the following four performances of something so vertiginously difficult to execute can be brought off with the bead-long bravura that marked Wednesday evening's under Diego Masson, the Contemporary Music Network will have spread incomparable excitement all over the country.

It is typical Birtwistle in being at once immensely complex in its layering of structural cycles and systems, in its phases of speed and near-stillness; and at the same time nakedly direct and involving in its communicative powers. The form of the music combines early-Renaissance influences (one might fairly call *Secret Theatre* an instrumental motet expanded above, around, and below a running "cantus" line) and a development of the concert-hall music-theatre manners that have marked much British music, including Birtwistle's over the past two decades (the sustainers of the "cantus," varying in number from solo to quintet, line up on the left side of the platform while the rest of the ensemble remain seated to provide what the composer calls the "continuum").

The materials deployed and exchanged between these groups are sparse, but the scale of the piece is huge, and its rhythmic variety breathtaking. A single hearing—this was my first—was, naturally, insufficient to absorb whole, but it was quite enough to carry the listener unresisting on the waves of imaginative energy that the music sets in motion.

Around this exhilarating experience, the Sinfonietta has programmed others rather more restful — and, perhaps for that reason, to be welcomed. Toru Takemitsu's *Rain Coming* and *Rain Spell* (for quintet, including prepared piano) are two contrasted samples of his familiar pretty-pretty modern *Japonnaiserie* tasteful undisturbing timepassers, contemporary-music-without-tears. To end, the Sinfonietta's famous rendition of the *Threepenny Opcro* Suite.

New York Music

Andrew Porter

The Met's *Idomeneo* revival has merits—most of them provided by Frederica von Stade's Idamantes. London, I read, was disappointed by her Ellen in *La donna del lago* (and so was I in Houston a few years ago); and her latest *Cherubino*, at the Met, lacked vividness. But Idamantes found her right back on form, with the touching, direct, forward quality in the tones which evokes an instant response—a fearless portrayal of a prince with nerves near the surface.

The newly slim, boyish David Rendall took the title role. He looked too young, and did not really sing brilliantly enough to justify the long version of "Fuor del mar." Carol Vaness's of Electra had moments, but she seems to be going through an awkward patch—the tone is not breaking through clean and free, and Ponnelle's production keeps her on the verge of caricature.

Linda Zoghby's Ilia was workaday until she reached "Zeffiretti," in which the voice moved firmly and well. Jeffrey Tate's conducting was sort-of alright, except in stretches that seemed to move very slowly. Ponnelle's production, in sepia sets, is big and handsome but tiresome. Ilia shares her first aria with dumbshow between Idamantes and Electra; her second aria is constantly "prompted" by Idamantes ("Try another verse, dear, and see if Dad won't relent"); and be is onstage, sunbathing, during her third.

Added stage presences fill the evening. The opening words of Act 2 are "Siam soli." The curtain goes up on a stage dressed with supers, who have to be dismissed before the words can be uttered. Whenever Neptune is mentioned — and ba is mentioned often — the lights go up on a giant mask of the god, looming behind the transparent backdrops.

*

Roméo et Juliette — brought back after a 10-year absence — was distinguished by Catherine Malfitano's Juliet and Sylvain Cambreling's conducting. She is a serious and dedicated artist. Her voice ran fluently through the intricacies of the famous role. Her trill was plausible. Her coloratura was accurate. The sound, clear and pure, filled the enormous house. She had youth, charm, and character. Cambreling understood — and recreated — what Shaw once called "the spell of the heavenly melody, of the exquisite web of orchestral colors, of the unfailing dignity and delicacy of accent and rhythm." This was something to set beside his ENO *Louise*. Good conductors seldom visit the Met, and so this debut was doubly welcome.

Neil Shicoff, the Romeo, suggested a machina programmed to produce unfailingly decent tenor tone; there was no dramatic life in his singing or his acting. The rest was pretty awful. But Rolf Gérard's light, elegant settings, nearly 20 years old, wear well. Malfitano included Juliet's potion aria, probably unheard here before, and made much of it.

*

The company could with advantage have been sent to see and learn from a double bill of medieval music dramas put on by the Camerata of Mannes College, where the students painted their faces, dressed their hair, wore their costumes, and moved in a convincing medieval manner. Paul Echols, who directs the Camerata, has a flair for using available resources in a way to provide sounds and spectacle that, without compromise of musicological rectitude, recreate for a modern audience the excitement that the spectators of early music drama must have felt.

The show combined a sense of courtly entertainment with the ringside intimacy of Grotowski's *Constant Prince*. The pieces were Adam de la Halle's *Robin and Marion*, the first comic opera, written late in the 13th century, and a dramatisation of Christine de Pisan's *The City of Ladies* (1405), with a score assembled from Christine's contemporaries: Binchois, Cordier, Ciconia, Dufay.

Robin is famously tuneful and merry. Christine is "big" at the moment, as the first professional woman writer. She attacked the *Romance of the Rose* as being insulting to women. Henry VII had a military manual she wrote translated for the instruction of his troops. In *The City of Ladies*, she set forth a vision of society founded on and regulated by feminine intellect, valour, fortitude, and good sense. Sappho, the Sibyls, Semiramis, Penelope and Thisbe, are among the exemplary characters. The city rose before our eyes, and singer after singer appeared with clear, steady tone.

The dramatic productions of New York's three main music schools—Juilliard, Manhattan, and Mannes—have different characters. Juilliard has the most conventional repertory. Manhattan recently gave us the New York premiere of Richard Strauss's *Feuersnot* (a horribly overfussy production, but lovingly conducted by John Crosby, and well played); and next does Henze's *English Cat*. Mannes has given us Peri's *Euridice*, Gagliano's *Dafne*, and Loreto Vittori's *Galatea*; next it does Cavalli's *Giasone*.

The Mastersingers/Coliseum

Rodney Milnes

Wednesday's performance of Wagner's opera, the last in the recent run, was even more eventful than envisaged. Patrick Wheatley's first Sachs, a notable success, was planned; unplanned was the virus pitilessly making the rounds of the Coliseum that finally felled Kenneth Woollam, who had sung Walther stoutly in the first two acts before being sent home with a high temperature, and his place in the third was taken by Graeme Matheson-Bruce, himself only semi-recovered from the attentions of the same microbe.

That the performance was still thoroughly worthy of the score is tribute to the sense of ensemble in St Martin's Lane—it was fascinating to watch healthy and seasoned members of the cast unobtrusively but positively supporting the newcomers—and to the solid bedrock of Mark Elder's conducting, naturally flowing, lyrical, totally disciplined.

The most immediately striking features of Mr Wheatley's Sachs were vocal. His voice, firm throughout the wide range demanded, has a beautifully liquid colour to it that only momentarily started to dry out towards the end of a long, long evening. He spins it effortlessly into shape, gratefully moulded phrases—this was one of the most musically sung Sachses we have heard for some time—with telling but always discreet use of almost instrumental *portamento*. His unforced, easily pointed delivery of the conversational passages also denote a natural for the role.

In the first act his cobbler seemed over-bluff, but the intense poetry of his singing of the *Fliedermonolog* suddenly revealed another side to the character, one perhaps suppressed out of self-protection, and the hand shyly taking Eva's in the following duet together with the hushed, tenderly phrased responses to her blaue Dunst suggested uncharted depths of feeling and vulnerability.

Similarly, at the emotional shoot-out in the third act he conveyed a real sense of loss with great economy. In the circumstances of a single performance, as well as a first, this could be only a preliminary sketch; if, as is to be hoped on this evidence, he is given a number at the next revival, he will develop into a Sachs of distinction. Purely musically he is that already.

Mr Matheson-Bruce's tone, as always rather forward, has nevertheless filled out noticeably. He has the scale of Walther well in his sights (proper solidity at the bottom) and did far more than just save the show. Further salutes to Kathryn Harries's Eva, which has blossomed into an interpretation to set beside the great names of today (and yesterday), and to Alan Opie's forcefully sung Beckmesser. His top A should be the envy of one or two tenors ona could mention.

DIVIDEND DECLARED

The Board of Directors of ENSERCH Corporation on February 3, 1986, declared a regular quarterly dividend of 40 cents per share of common stock, payable March 3, 1986, to shareholders of record February 18, 1986.

The Board declared a supplemental distribution of Enserch Exploration Partners, Ltd. (NYSE: EP), units at the rate of one unit of EP for each 100 ENSERCH common shares owned as of February 18, 1986, to be distributed April 2, 1986.

For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. L, ENSERCH Center, Box 999, Dallas, Texas 75221.

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ARGENTINE REPUBLIC

Saleroom/Antony Thorncroft

Czar's photos snapped up

An album of photographs of tbe Russian Imperial family taken by the Grand Duchess Xenia Alexandrovna, the sister of Czar Nicholas II, during 1904-1905 sold for £30,800 at Sotheby's yesterday to a private buyer. The price was doubla the forecast.

The 47-page album contains many photographs of the family at leisure on their country estates—the Empress Dowager feeding deer; the Czar's sister Olga doing somersaults; the Czar blessing his troops with an Ikon. A photograph of the entire Imperial House taken in 1892 sold separalely for £1,430.

The most highly astimated lot, a portrait of Count Soumarkoff-Elston (whose son murdered Rasputin) by the artist Serov, failed to find a buyer, being unsold at £38,000, but "The firing of the Turkiah flagship by Kanaris" painted in 1888 by Ivan Aivazovsky went for £33,000, doubla its forecast.

Avant garde Russian art has not featured in the salerooms recently because a spate of forgeriea unsettled the market, but Sotheby's offered some yesterday with reassuring resutts. "Composition Retief," a work by Vasili Ermilov who devoted himself to bringing modern art to the masses, sold for £9,900. A "Supremacist" aaucer, made in 1921 and vaguely Japanese in its decoration, sold to an American for £2,200.

Sotheby's coin sale had many disappointments, in particular tba triple-unit coins minted at Oxford by Charles I during tha Civil War: two were unsold and one mada £9,350. Seibu of Japan paid £10,120 for a broad of 1656, with a portrait of Oliver Cromwell, and £9,900 for a Henry VII sovereign.

A previously unknown and unrecorded bust of tha American politician and scientist Benjamin Franklin, probably sculpted in London around 1760 by John Michael Rysbrack, is modestly estimated at "upwards of £150,000" when Christie's puts it up for suction on April 24.

The owner, a Yorkshire publican from The Carpenters Arms near Thirsk, had been given the bust by a neighbour when ha was eight. He was moved to call in Christie'a for an evaluation when he read of a Rouhiliac bust of the Earl of Chesterfield, also found in Yorkshire, selling for £518,400 in 1985.

The hust is the earliest known portrait of Franklin, and aeems certain to attract keen American bidding. Franklin spent many years in London and may have commissioned the bust as a gift to his son. Rysbrack, of Flemish origins, was the leading sculptor of the great rival of Rouhiliac.

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Friday February 14 1986

A misdirected farm policy

AS THE European Community's farm ministers embark on another tortuous round of bargaining over farm prices, the issues facing them — a worsening world subsidy war, record stocks and agricultural spending, increasingly depressed farm incomes— are perhaps starker and more intractable than ever before.

Few people believe that the proposals published by the European Commission last week—a nominal price freeze for most products, coupled with a tax on producers and consumers of cereals to contribute towards the disposal of surpluses — will do more than tinker at the margins of the problem.

As ministerial minds turn towards the more radical measures which everyone seems to think will be necessary next year, the contradictions built into the Common Agricultural Policy stand well and truly exposed.

Central issue

Mr Michael Jopling, UK farm minister, has already raised what will be a central issue in this year's negotiations by talking of "discrimination" against British farmers. This refers to the Commission's proposals to soften the impact of its measures on the smallest farmers— for example, by exempting the first 25 tonnes of grain sold by an individual farmer from the producer tax, and by giving special treatment to beef herds with fewer than 50 animals.

Mr Jopling's worry is that there are very few farmers as small as this in the UK, so that the multitude of tiny units on the Continent will be receiving unfair favours at the expense of their more efficient and larger British brethren.

But his complaints raise a more deep-seated question: is the CAP an economic policy, designed to encourage efficient food production on the principles of comparative advantage, or a social policy, aiming to prop up the incomes of millions of small family farms?

The theoretical answer is in the Treaty of Rome: it is supposed to be both. Because it has been expected to perform both functions through a common price mechanism, it has failed to do either properly.

Prices have been fixed at levels which can sustain the least efficient farmers and encourage production on marginal land, but which have rewarded the most efficient with indecently large profits. Conversely, as prices come under pressure, the big farmers have been able to offset the effects by boosting production, while the small and medium-sized ones are taking the strain.

The net result has been a waste of resources which has brought the Community the worst of all worlds.

The European Commission recognised this last year in its Green Paper on CAP reform. It suggested, rightly, that the social and economic functions of the price policy should be divorced; that prices should be brought down towards world market levels and that the small family farms which would suffer harshly as a consequence should receive direct income aids.

The proposal met with a withering rejection from the farm ministers.

The Commission's latest plan represents another effort to direct funds towards the family farms which are seen as needing them most: the smallest farmers would receive a higher average price for their produce than their bigger rivals.

Insulation dangers

It is possible to envisage such a policy being developed further. But whatever the merits of bolstering the social side of the CAP, the dangers of insulating it still further from market forces—either by distorting prices or by freezing farm structures through physical limits on production—ought to be equally clear. Production could become even more concentrated at the least efficient end of the industry, and those farmers with a distinct comparative advantage might not be able to expoit it to the full.

That is hardly the sort of agricultural structure which can hope to compete effectively with the US and other exporters on an increasingly surplus-ridden world market. The only route to such an objective is by bringing EEC farm prices down. Social assistance to farmers would be far better handled quite separately.

Priorities for the budget

IT IS EASY to lose sight of the main purpose of budgets. These annual rituals are not just vehicles for tax cuts of some description but the Chancellor's main opportunity to address serious economic problems. The blackspot in the UK remains unemployment: companies are continuing to shed large numbers of jobs. The main focus of the Budget on March 18 should therefore be job-creation. The task is to find non-inflationary ways of increasing employment.

Since the seriousness of unemployment—in both human and economic terms—is directly related to its duration, the priority should be to reduce long-term unemployment. This has been growing steadily more acute. More than 500,000 people have been without work for at least three years; 1.4m have been jobless for at least 12 months. It is difficult to maintain that all that can be done to alleviate this problem is being done. The Community Programme has so far filled only 175,000 places; expansion to 230,000 is planned. Yet this hardly measures up to the problem. Fewer than one in six of the long-term unemployed are touched by any government programme.

Long spells

A convincing solution may require an unaccustomed touch of iconoclasm from the Government and the abandoning of some prejudices. The private sector needs to be mobilised to help the long-term unemployed (at present all but 2 per cent of Community Programme schemes are run by the public and voluntary sectors). If private employers are to be encouraged in a big way, the Government may need to overcome its distaste for direct employment subsidies for companies. These involve "deadweight" costs; some jobs would be created anyway and so some public money is thrown away. But the alternative is to waste more on benefits for the totally unproductive.

The economic case for subsidies is bolstered by the fact that people's skills deteriorate after long spells of unemployment, making them less attractive to private employers. The Government should heed the advice of the Commons Employment Select Committee. It argues that any employer willing to give a long-term unemployed person a job for a year (and not cheat by reducing his non-subsidised employment) should be offered £40 a week (the average cost of benefits). It would be helpful if the subsidy could also be linked to a promise to provide training of some sort. Such a measure— although open to some abuse— might be expected to create about 350,000 jobs at an estimated cost per job of only £4,000 (less than a tenth the cost of job creation through general reflation).

A second source of jobs for the long-term unemployed, emphasised by both the select committee and the independent Employment Institute, lies in urban rehabilitation, house renovation and building projects. The Government could subsidise both private and local authority employers willing to take on the long-term jobless to do such work. The problem of ensuring "additionality" would again be acute, but it is worth facing simply because there are so few credible alternatives. About 300,000 jobs might be created at a net cost per job of about £5,000.

Natural source

Another prejudice which the Government needs to overcome is that public sector employment is invariably bad. Social services are a natural source of relatively unskilled jobs for the long-term unemployed. There is a shortage of helpers and carers for the elderly, disabled and recently discharged from hospital that will intensify as the planned shift from "institutional" to "community" care gathers pace. These personal service jobs could provide employment for at least 100,000 again at an estimated net cost per job of about £4,000. It would be irrational to rule out such employment simply because it would be mainly in the public sector—through the NHS and local authorities.

These proposals, soberly discussed by the select committee, are not outlandish. Some Cabinet ministers are reportedly already showing enthusiasm for such schemes. Phased in over three years they would cost about £3.5bn—well within the expected scope for tax cuts over this horizon. There is a sporting chance they would create nearly 750,000 jobs: enough to break the back of the long-term unemployment problem. If the Budget is to address the country's main economic headache, it cannot ignore the case for robust initiatives of this type.

FRENCH REGIONAL POLICY

An unequal dash for advantage

By David Marsh in Paris

A JAPANESE boarding school for 180 pupils, due to open in April as the almonds blossom at Kientzheim near Colmar in eastern France, is one more piece of bait for the frontier area of Alsace in its bid to stay ahead in a widening regional development battle with the rest of Europe.

The school, occupying a former Catholic college, is being set up with the support of the Alsace development organisation Adira to strengthen the region's attractions for Japanese companies which are sending increasing numbers of executives and their families to plants and subsidiaries in Europe.

Alsace, next to the German and Swiss borders, has long been exposed to the cross-currents of change. As French regions face up to ever tougher competition with each other and with other parts of Europe for jobs and investment, Alsace is not the only part of France in the front line.

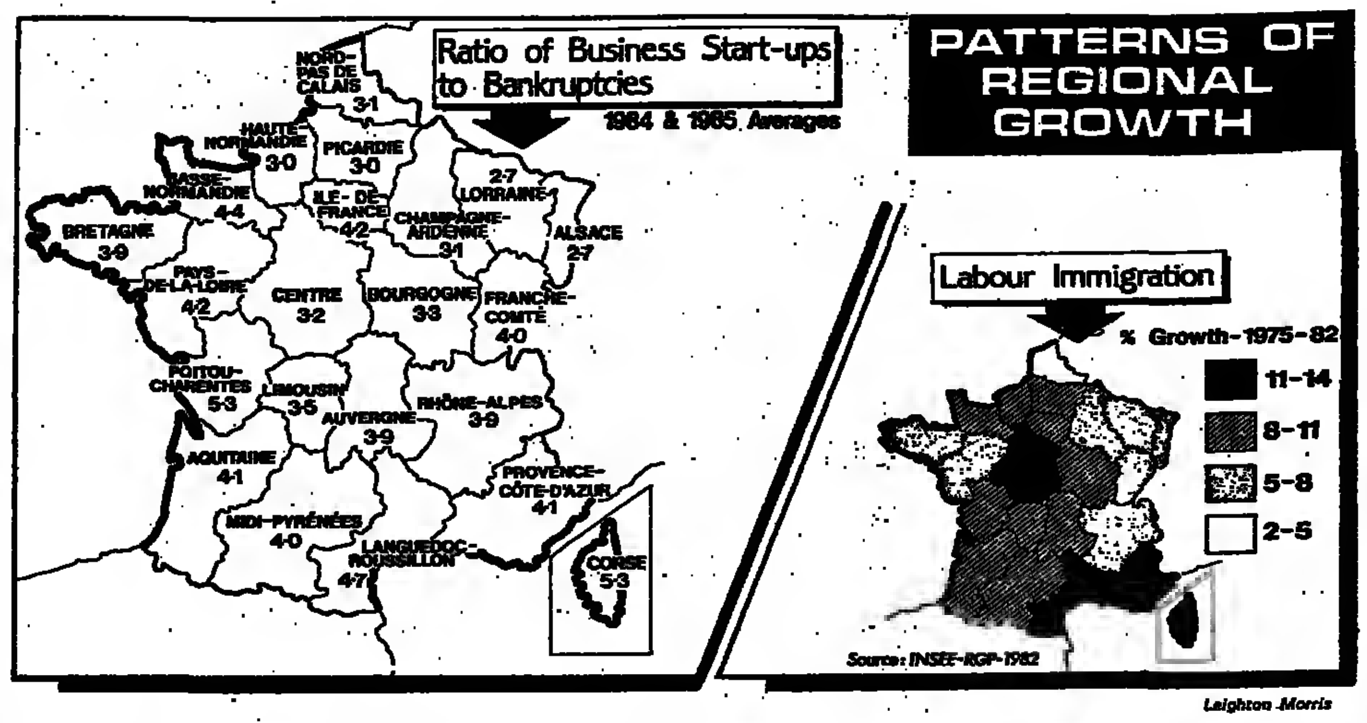
Trying to throw off 200 years of subservience to central government, France's regional politicians and industrialists are getting used to taking the initiative across a range of areas from support for high-tech research to job-creating measures in unemployment blackspots.

The regional revival has been taking place at a time when social and demographic changes in France are strengthening the impact of political decentralisation measures introduced by the Socialist government in 1982.

Mr Gaston Defferre, the veteran Minister for Planning and Regional Development, who as Interior Minister pushed through the decentralisation legislation in the first years of the Mitterrand presidency, says now: "The regions have liberty which they did not have before."

Even though the opposition has criticised some aspects of the moves, it is a judgment with which politicians of both Left and Right agree. Whatever the result of next month's general elections, the regional reforms —described by President Mitterrand as the "great task" of his presidency—look likely to remain one of the most enduring and positive legacies of the Socialists' period in government.

Overall business and political power remains firmly concentrated in the Ile de France region around Paris. The area accounts for 18.5 per cent of population (against 5 per cent in Napoleon's time) and 26 per cent of gross domestic product, although both percentages are now dropping slowly year by year. In the most notable recent cases of fierce regional rivalry over prestige high technology projects—between Strasbourg and Grenoble over the siting of the European X-ray synchrotron or between Bordeaux and Toulouse over the building of the Hermes space aircraft—rival mayors have done the lobbying but the decisions have, inevitably, been made in Paris.



Leighton Morris

All the same, vitality of business start-ups and research efforts in the south and west is pulling the economic centre of gravity southwards. Traditionally centralised bureaucracies such as the state Centre National de la Recherche Scientifique (CNRS) research organisation have been trying to move closer to the regions. Banks and other financial institutions funding small business and technological innovation have also made active decentralisation efforts, while regional venture capital initiatives are starting to sprout.

The Government has made efforts to back up regional moves through infrastructure projects — for instance the network of high speed train links from Paris planned to radiate to the north and east as well as the south west and south east by the early 1990s. New road links are also planned near the Channel coast to accommodate traffic from the tunnel link with Britain.

Roughly one-tenth of the population has moved region over the past 10 years, with a net movement away from Paris and the old industrial areas of the north-east. Although it might be premature to talk about a French "Sun Belt," most migrants have headed for the relatively high-performing Atlantic and Mediterranean provinces — in some cases, ironically, aggravating unemployment in these areas.

But the main impetus behind the drive for regional self-reliance has been the harsher economic climate. The slowing of French growth after 30 years of post-war expansion has diminished the volume and efficacy of central government regional aid that can be shared around an increasing number of claimant areas.

The state regional development agency, Datar, was set up in 1963 in the Gaullist boom years. Datar functions by making development grants to companies creating or saving jobs as well as co-ordinating other moves, such as fiscal incentives. It also tries to influence large companies to set up in depressed areas — although, ironically, this approach has worked less well since the Government nationalised many large industrial groups in 1982.

Economic growth enabled Datar to set and achieve relatively clear-cut goals — developing the "desert of the west and checking the over-population of the Paris area. "It was sufficient for Jerome Monod (the Datar *patron* who stamped his mark on the early years of the organisation) to ring up one of the big car companies and send 2,000 workers to Rennes," says Mr Jacques Sallois, Datar's present head. Now big companies are shedding labour, he admits this approach is no longer possible.

Even after the labour shake-out of the past few years, unemployment disparities between the French regions are still less marked than in Britain. But while it once concentrated on trying to equalise the distribution of largesse, Datar's main task now is to ensure that hardships are not spread too unevenly — a more arduous and less inspiring role.

As part of a bid to focus regional aid more carefully on employment intensive projects, grants distributed by Datar for companies making job-creating investment will be cut to FFr 600m this year from FFr 1bn in 1985 but targeted more selectively.

The total Datar budget is running at more than FFr 2bn a year, but the grants — which generated 500,000 jobs between 1955 and 1975 — have become progressively less cost-effective as the cash needed to create jobs in today's capital-intensive industries has gradually increased (to between FFr 100,000 and FFr 200,000 per job on latest estimates).

In collaboration with a range of local and corporate development organisations — more than a dozen large companies have now set up development arms to channel funds into businesses in depressed areas — Datar has been called upon particularly to underpin 15 hard-hit industrial "conversion zones" designated by the Government in February 1984, mainly in the north-east and centre of the country.

"For a long time, Datar was the instrument of decision by government, in a somewhat technocratic manner," says Mr Sallois. "Now we no longer have the monopoly of regional development. We can help — but we cannot decide by ourselves. We are modest. We are not Father Christmas."

The message has got through to the provinces. "We have no choice but to rely on ourselves," says Mr Charles Henri de Saint Julien, a motor company industrialist who heads the Quest-Atlantique development association, which is geared to the Brittany and Loire regions and links business and public sector organisations.

The area, once a target for Datar development initiatives, has been set back by the efforts made in Paris to drive investment to the north east. Its most important recent coup, achieved with the backing of Paris, was in 1983 when it won a plant from Canon of Japan which now employs more than 300 people.

Since then, the climate has become more dour. "We are in competition with Ireland and Scotland, as well as Toulouse, Grenoble and Lorraine. The answer is to join forces within the region — without going through Paris," says Mr de Saint Julien.

This is the strategy which has long been followed in relatively prosperous Alsace as well as in the Lyons region. Eighteen months of contacts and lobbying through Adira's Tokyo office —Alsace is the only French region with its own representative in Japan—paid off last summer when Sony decided on Bergheim south of Strasbourg as the site for a FFr 50m compact disc reader plant aimed at serving the entire European market and creating more than 200 jobs.

Alsace was in competition not only with strong offers from Bridgend in Wales and Villingen in West Germany but also from Lorraine. "At first, Datar looked at us with some suspicion," says Mr Hubert Guillme, the Adira official who handled the Sony negotiations. "But Sony made clear that, in France, only Alsace came into question. So Datar could hardly oppose it."

It is a similar story in the south west. Elf Aquitaine, the state-controlled oil group, has played an important part in putting together financial packages which have brought two other Sony plants—for video and audio cassettes—to the Aquitaine region, again in the teeth of government efforts to pull at least one plant to Lorraine.

For Mr Michel Barnier, the young and thrusting president of the Savoy departmental assembly in the Alpine east, the economic crisis has even been a blessing in disguise. "People are disappointed about national solutions. Paris can't help us—so we have to do things ourselves."

Mr Barnier, from the neo-Gaullist RPR Opposition, is leading a bid to bring the 1992 winter Olympic Games to Savoy —in competition, above all, with sites in West Germany, Norway and Sweden. He has put together a FFr 20m promotional campaign partly backed by subscriptions from companies like Pechiney Matra and the Evian mineral water group and admits that devolution under the Socialists has increased his own funding possibilities.

One reason why the opposition has found it difficult to criticise the Left's measures is that out of 22 regional assemblies in metropolitan France, 16 are currently controlled by the Right. No longer under the thumb of the departmental prefects first appointed by Napoleon, they can make grants, provide tax breaks or guarantee credits out of their own budgets across a range of economic intervention areas.

The slackening of Datar's hold over companies' decisions is illustrated by the latest figures on investment inflows to France. Foreign investment in both 1984 and 1985 created or saved about 13,400 jobs in each year. In 1984 60 per cent of investment was channelled into Datar-designated depressed regions such as Lorraine, while in 1985 the bulk of investment by foreign companies went towards the more prosperous and dynamic areas of Alsace, Rhone-Alpes and Brittany.

The regional reforms have undoubtedly led to some waste through duplicating regional and central government activities and stimulating unnecessary competition.

One obvious example of potential regional over-kill is the proliferation of science parks ("technopoles") being developed or planned in more than 20 towns in addition to the two fully-fledged sites at Sophia-Antipolis (near Nice) and Grenoble.

An important task for Datar and the Government in coming years may indeed be to ensure that the go-it-alone spirit does not get out of hand. Some industrialists are already complaining that tax and social security incentives granted to companies setting up in "conversion zones" and other depressed areas are starting to distort competition with other home manufacturers.

Officials at the Government's interministerial committee, Ciri, which handles cases of companies in financial difficulty, say that potential foreign purchasers—accounting currently for about 30 per cent of takeovers of such companies — insist increasingly on tax concessions from local administrations.

The upsurge of regional dynamism could clearly lead to excessive competition in the bid to attract foreign companies. But the changing economic conditions also create a golden opportunity for France. Often considered so diverse politically and regionally that it could be governed only from the centre, the resurgence could enable the country to capitalise on the richness of that diversity. Not for nothing do some sober-minded industrialists talk about the shifts under way in relations between Paris and the regions as a move akin to decolonisation.

Men and Matters

Liberty—but no fraternity

Lee Iacocca, feisty chairman and self-appointed turnaround hero of Chrysler, is a man used to speaking his mind and getting his own way. But he finally seems to have met his match.

US Interior Secretary, Donald Hodel, has fired him as head of the Government's Statue of Liberty advisory panel, charging the Chrysler chief with possible "conflict of interest" because of his other role as chairman of the private foundation which has raised $233m for the centennial restoration of weather-beaten Miss Liberty and Ellis Island.

Iacocca had to be fired because he would not quit, said Hodel, claiming that his twin roles as chief fundraiser and chairman of the committee advising how the cash should be spent violated "applicable conflict of interest statutes."

Hodel emphasised there was no suspicion of wrongdoing by Iacocca and praised his "imagination, determination and talent" as a fund-raiser. But Hodel added that the Interior Department "cannot be bullied."

"Are you sure you've got the right address?"

The move, however, prompted Iacocca, son of an Italian immigrant who landed on Ellis Island, into an immediate and characteristic response. Hodel's statement, he said, was "off the wall and in clear contradiction of the facts." He added bitterly: "I resent any inference of conflict of interest. The truth is that the Secretary is in conflict with his own character."

Iacocca charged Hodel with making "a grab for four years' worth of contributions by the American people." Hodel retorted that Iacocca was either *agitated* or *misleading since* the foundation still controls the purse strings.

The public slanging match was due to continue yesterday as Iacocca, whose grip on the fund-raising had already begun to irk some critics, was calling a press conference on the issue.

He faced other woes, too. Chrysler reported a 33 per cent slide in 1985 profits.

Screen time

Michael Fant is clearly by nature an optimist. At a time when the mood in the British film industry is a little fragile at best, he has set up a new film production company and plans to invest some $27m in a new batch of films.

The first production of Major Film Productions is to be called appropriately enough Turnaround which will start shooting next month in Norway and America.

Two further films, Townsville, a $9m mystery film, and a $15m fantasy, Eagle Rock, to be filmed in Florida and at Pinewood are due to get underway later this year.

Fant has been involved in the past in ski resort projects in Europe and as an advisor to Scandinavian business conglomerates in their international film investments. It is perhaps significant that the investment for the new films is coming from Norwegian banks and corporate investors such as Bergens Bank.

Fant says he has chosen to set up in London because the film talent here, he believes, is the best in the world.

"Cory" factor

Corazon ("Cory") Aquino, aged 53, a housewife, and widow of an assassinated opponent of President Ferdinand Marcos of the Philippines, suddenly finds herself with enormous power.

While the outcome of the election held among the nation's 26m voters has still to be decided she is in a position to decide between peace and civil war in the country.

Her backing is drawn from a group of friends, allies, and supporters from business, opposition politics, the Roman Catholic church, and her family.

Among what the Marcos faction calls her "ghost presidents" the most important is Jaime Ongpin, president of Benguet Corporation, one of the country's biggest mining companies. He is the younger brother of one of Marcos's ministers but, nevertheless, is an outspoken critic of the Marcos regime.

Another leading businessman, Roberto Romulo, head of IBM in the Philippines, has also been helping the Aquino campaign.

Mrs Aquino's political advisers are led by Uovito Salonga, a life-long politician, and Lorenzo Tanada, aged 86, the grand old man of Filipino nationalism. Both are lawyers.

Throughout her campaign spiritual guidance has come from Cardinal Sin, archbishop of Manila, and one of the nation's most influential figures.

But her most crucial backing has come from her own highly political—and large—family. On her side have been her brother Jose Cojnangco, Ricardo Lopa, husband of her elder sister, and, of course, her five children.

Legal ties

City observers watching the passage through the House of Commons of the financial services Bill should not be too surprised if the thinking of Bryan Gould, Labour's trade spokesman, shows some kinship with ideas developed by professor Jim Gower, the authority on company law and investor protection, who is now acting as an adviser to the securities and investments board.

The two men have known each other for some years. In the 1970s when professor Gower was vice chancellor and honorary professor of law at Southampton University, Gould was Labour MP for Southampton Test.

No doubt the fact that Gould had previously been a law don at Worcester college, Oxford, helped further the relationship between them.

In fact, when Gould lost the Southampton seat at the 1979 general election professor Gower was on the 'phone to him within 24 hours to offer him a new job teaching law at the university.

Gould apparently decided he wanted to try a different tack and he became a television journalist before returning to the House in 1983 as MP for Dagenham.

Gower, on the other hand, went on to write the Gower report on investor protection which laid the foundations for the government's present Bill.

In a word

A reader says he never had any doubt about the eventual success of the Sikorsky/Fiat offer after discovering that Westland Helicopters is an anagram of "Slap t' Heseltine crowd."

Observer

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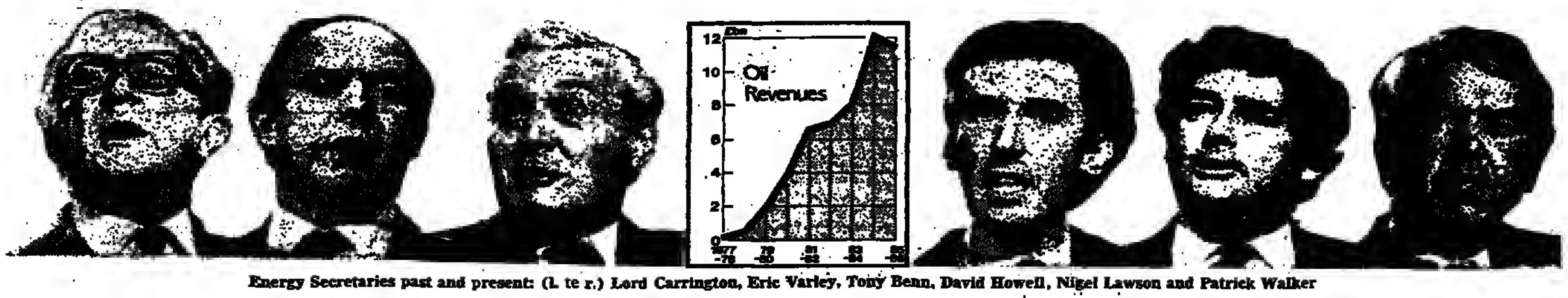

Energy Secretaries past and present: (l. to r.) Lord Carrington, Eric Varley, Tony Benn, David Howell, Nigel Lawson and Patrick Walker

The Cabinet returns to business

By Malcolm Rutherford

THE SUBJECT has changed. No longer are Cabinet Ministers talking about Westland; they have moved on to the Budget, and tha political consequences and opportunities of the falling oil price.

Tha Budget speech will be on March 18. Key decisions are likely to be taken unusually late, not only because the implications of the fall in the oil price are still unclear. Also unclear is whether the price will continue to decline and, if so, how far. These are matters which affect Britain, es a major *oil producer, far more than* the fortunes *of* the helicopter company which has caused such political havoc over the last few weeks.

Cabinet Ministers on the whole accept this. The immediate future of Westland was settled, the Sikorsky way, et the shareholders' meeting on Wednesday. There may be still some political fall-out: the House of Commons Select Committee on Defence has yet to report and Mr Alan Bristow, the shareholder who allaged he was offered a knighthood if he switched away from the European solntion, might have some embarrassing things to say if called. But it looks as if Westland has gone off the front page.

The final political spasm in tha Tory Party over the affair took place at and around tha Young Conservatives' conference in Blackpool last weekend. Ministers and others aspiring to the succession to Mrs Thatcher appeared to be so at each other's throats that they realised they were doing the party no good. Since then there has been a relaxation.

It is acknowledged, even welcomed, that barring accidents the present Prima Ministar will lead tha Conservatives into the next general election. After that there might, repeat might, come a time when she can gracefully retire, leaving a natural successor to emerge if not through the old "customary processes of consultation," but through the *system of election* by the Parliamentary party that the Tories have saddled themselves with.

Much will depend, of course, on whether the Conservatives win or lose, or even if there were to be a hung Parliament. But all that is for tha future. Meanwhile, it is back to the business of govarnment.

Yesterday's Cabinet meeting about the Budget was *of the* kind promised by Mrs Thatcher after there had been a terrific row following the Budget of 1981. That Budget seemed et the time to be very eustere and was succeeded by further Treasury *demands for greater control of* public expenditure, though with hindsight it can be claimed thet it was precisely the 1981 *Budget* which led to what could be the longest period of sustained economic growth in Britain's post-war history—albeit without rednucing unemployment.

Anyway, by the summer of 1981 some Cabinet Ministers were very sonr, elmost rebellious. Mrs Thatcher said that in future there conld be a Cabinat meeting a few weeks before tha Budget to review tha background against which decisions would be made.

What is striking le that Cabinet Ministers are still not demanding more. They are grateful to be able to put in a word or a plea or two, but it is accepted that tha Budget judgmant will be made by Mr Nigel Lawson, tha Chancellor of tha Exchequer, and the Prime Minister. The Cabinet will be told of the details, as usual; only a few hours before the Budget speech.

That is in spite of tha fiasco over Westland and tha Government's spectacular climb-down last week on the Ford offer to take over Austin Rover.

The retreat on Ford is seen by most Ministers largaly as a victory for common sense. There had been a revolt in the House of Commons which included sections of the Tory Party and tha Midlands MPs whose constituents are most involved in the motor industry. Ministers *were upset* that they had *not* been told of the Ford offar before they read about it in the newspapers.

The key figure was Mr Norman Fowler, tha Secretary of State for Social Services, who has a Midlands constituency (Sutton Coldfield). Ha would have liked to have been advised of what was happening because be had a special insight into the matter through bis Midlands connections. Ha thought that the politics of the deal was not on.

He raised his objections—after the Parliamentary row—at the full Cabinet last week, and was invited to stay for the subsequent meeting of the economic policy committee, of which he is not a member. He developed his points and the whole idea of a Ford takeover was called off, tha announcement being made by Mr Paul Channon, tha Trade and Industry Secretary, in tha House of Commons in the afternoon of the sama day.

Mr Fowler does not think, however, that there has been any great change in the mannar of conducting government business; nor is he calling for one. All he hopes for, and expects, is tha introduction of an early warning system on matters that potentially spell political trouble. He does not believe that all Cabinet Ministers should have been immediately informed of the Ford approach because, he says, all Ministers jealously guard their departmental responsibilities and do not want what is going on to be known to all and sundry.

It was just tha political flair that was missing: the instinct to consult a Midlands member of tha Cabinet on e matter on which ha might have some pertinent views. So far as one can tell, no one alse in the Cabinet is seeking mnch more than that: a streamlining of the existing machine rather than any basic reform. The result of the Westland and Ford affairs is that they seem to think they may hava achieved it.

So to tha Budget and the fall in oil prices. Chancellor Lawson has been lucky to have the subject more or less to himself while almost everyone else has been preoccupied with Westland. He also found an unusual ally in Mr Peter Walker, the Energy Secretary.

The two do not usually see eya to eye on economic policy. Mr Walker is more of an interventionist, *à la* Heseltine, as he was repeating in his stock speech in Blackpool last weekend. Mr Lawson is more inclined to accept market forces, while insisting that a general expectation of a lower rate of inflation is a prerequisite for sustained economic growth.

Where the two have come together is in agreeing that there should be no British Government-induced cut in North Sea oil prodnction, regardless of what happens to tha oil price and regardless of pressures from Saudi Arabia or other members of the Organisation of Petroleum Exporting Countries (Opec). They may have won.

What will happen when the oil runs out has always been e nightmare for politicians. Actually, it bas not run out: far from it. But what has occurred is no less interesting. The British Government has survived a potential economic crisis caused by the fall in the price. There has been only one rise in interest rates — in early January, and there bas not been excessive pressure on the pound.

Members of the Cabinet are engaged in an attempt to rationalise the benefits to the country of lower oil prices. Some of them are obvious: lower petrol prices for the consumer, for example, and eventually lower energy costs for industry.

The disadvantages are that some of Britain's industrial competitors, who are not oil producers, will benefit even more, and that there will be a loss to the Exchequer in terms of oil revenue.

Tha new discussion is beginning to surfece in public. There was an exchange of letters published this week between Dr Oonagh McDonald of the Labour Party frontbench and the Chancellor. Dr McDonald asked him to set out his economic strategy in the light of falling oil prices, urged the Government to abandon its "blind faith in market forces" and called for a willingness to talk to Opec.

Mr Lawson replied that he would be dealing with the consequences of the fall in prices in his Budget speech. Ha added that he was astonished at any proposal that Britain should seek to keep the price artificially high by joining the Opec cartel, that the world economy will benefit from lower prices as, in particular, will the poorest countries of all.

Mr John MacGregor, tha Chief Secretary to the Treasury, made similar points in bis speech in the unemployment debate in the House of Commons on Wednesday. There had been no catastrophe, he said, *when oil prices fell.*

The contribution made by North See oil and gas to the British economy, he went on, is 8 per cent of total exports, 8 per cent of total tax revenue in 1985-86, 5 to 6 per cent of national income and 5 per cent of capital investment.

Actually, that is rather a lot. It may have been a *shiald over* a very difficult few years and will still be useful even if the fall in price goes on. The new factor is that the Government is prepared to contemplate with confidence life after the North Sea.

The main question about the Budget is whether, having survived an oil price crisis, the Treasury can risk seeking to compensate for the loss in oil revenues by increasing the public sector borrowing requirement while still going ahead with tax cuts of one form or another, or whather, as the Institute for Fiscal Studies seemed to be advising this week, it would be better to wait until next year.

Mr Walker would prefer expansion now, especially through increased spending on bousing and education. But for the most part the Cabinet is happy to leave the judgment to the Chancellor and to the last possible minute.

Whichever way it goes, it seems likely that the Government in the second stage of its second term will give education more priority. On that there is a consensus: education has been one of the greatest shortcomings. The first leadership battle will not be who will succeed Mrs Thatcher, but who will succeed Sir Keith Joseph as Secretary of State.

Lombard

Austere demands of the IMF

By Peter Montagnon

MR JAMES BAKER, US Treasnry Secretary, drew sighs of relief all round wben be launched bia initiative on easing the developing country debt crisis last October. At last the *US had dropped its bands-off* policy nn debt; better still, ran tha common view, it had acknowledged the importance of economic growth in the debtor countries themselves as vital to any solution.

Four months on, this emphasis on growth remains a major selling point of the Baker plan. Yet it is also clear that the con*cept of growth-orientated econo*mic adjustment is mnch berder for the debtors to swallow than it appeared at tha outset.

It was easy to jump to the conclusion that Mr Baker was simply advocating e mora lenient epproach by the IMF with less emphasis on tight demand management in debtor economies. In fact the opposite is true. *Far from softening, the* IMF has to be tougher and in many ways more rigid than ever before.

For tha Baker plan does not let the debtors off the adjustment hook. Overall demand management still bas to be tight in those countries wbich would otherwise have difficulty financing their balance of payments. The new alement introduced by Baker is that demand has to be managed in a way that does not undermine future growth prospects.

There is still no escape from budgetary cuts in the debtor countries. From now on, howaver, these cuts will have to come increasingly from current rather than capital expenditure. That is an ideal which even industrial countries find hard to achieve in practice—tha record of the Thatchar government in Britain is an obvious exampie. For developing countries, often labouring under glaring state sector inefficiency, it is even more of a challenge.

If it is to play its part in implementing the Baker plan, tha IMF must be relentless in its pursuit not only of lower fiscal deficits; it must also be more vigilant than ever before on tha question of bow these budget cuts are achieved. The need is to nurture investment activity at the expense of consumption and waste.

The World Bank can certainly play a role in this because of its longer term development expertise and because its contacts with debtor governments reacb much further than those *of* the IMF. The *World Bank is* mnch better placed to advise on and assess the quality of infrastructure spending.

That all looks rather easy on paper, but in practice is commits the debtor countries to awkward political decisions. It implies that both the IMF and the World Bank will have to be more interventionist in the day-to-day running of the debtor economies than has been the case in the past. For their part, debtor governments face the continual loss of political popularity through cuts in current spending designed to eliminate subsidies, free resurces for investment and boost domestic savings.

Argantina has demonstrated some understanding of this problem in the last few days with the announcement of plans to seli a number of state companies. Mexico, too, has talked of privatising state sector companies, but in general the record of Latin America in undertaking genuine structural reform *is not good.*

Brazil, for exampie, enjoyed a rapid growth rate of some 8 per cent last yaar, but this was on the hack of a consumer boom which could fizzle ont by the end of the year as lack of investment spending in its econmy pushes up inflation and egain raises the need for more external *finance. Its achievements* over the past year in no way represent a cure for its debt problem; they have simply been a temporary palliativa.

There is no escaping the need for fundamental economic reforms if debtor countries are to follow Baker's ronte and grow their way out of debts. Equally, *creditor banks and governments* should be aware of the intensely difficult political choices this need for reform implies for the dabtors. The Baker plan will stand or fall just as mnch on the debtor's ability to make these cboices as on the willingness of creditors to stump up yet more cash while structural reforms take effect.

Letters to the Editor

Unions and takeovers

From the Chief Executive, Elders IXL

Sir,—The trade unions' submission to the Monopolies and Mergers Commission opposing Elders' proposed acquisition of Allied-Lyons—as reported by your labour staff on February 8—appears to ba fonnded on misapprehensions:

Your report suggests that the unions have raised donbts over tha financing of tha bid, and the financial stability of the company thereafter. As one of Australia's largest international groups, and Australian market leader in our core businesses and services, we have an immense responsibility in e transaction of this kind to satisfy not only ourselves, but also our banking syndicate—which comprises bankers of considerable stature and international diversity—that we are able to mount the bid and successfully implement tha acquisition in a way which does not threeten aither our own, or Allied's financial stability.

These banks have committed substantial funds to the venture *only because* they are *confident* nf its soundness. There wonld be no question whatever of contributions into Allied's pension fund being suspended, and indeed we are prepared to guarantee that employees' pension rights will not be adversely affected.

Tha unions seem also to bave expressed concern about the break-up of *Allied-Lyons.* Wa bave publicised frankly our intention to sell Allied's food division. Allied's food husinessee are not the result of organic growth or e coharent acquisition strategy, they bava just been "stuck on" in a manner which does not generate efficiencies.

Tha purchase of J. Lyons brought in food businesses which not only had no obvious fit with the rest of Allied, but do not even fit with each other. Their disposal to purchasers with complementary activities would enhance their prospects and enable them to achieve their full potential.

We have undertaken to consult with the Office of Fair Trading before finalising any sale, and would ensure that the buyers intended to expand the businesses, and safeguard and improve the prospects of employees.

The food monopolies which it is suggested would result are not at all likely. Companies with an existing substantial market share and high degree of product overlap are not realistic prospective purchasers for these sales. Nevertheless we have confirmed that there is no shortage of purchasers who would see them as complementary to wider strategic objectives in the sectors concerned.

The unions' fears of loss of jobs and investment are also groundless. We have no intention of rationalising locations, and do not anticipate any redundancies.

Although Allied's brewing *interests have substantial* potential, opportunities for growth, innovation and improved performance are not baing grasped. By introducing a fresher, more dynamic and innovativa approach, we would create e merged group at tha forefront of brewing technology and marketing techniques, with a structure which frees managers to manage.

Overall, we believe there wonld he a significant improvement in prospects for competition, employment, initietive and more effective operations, which would benefit Allied, its employees end consumers.

We hava offered to discuss these and all other matters *ralevant to* tha bid with the unions involved, but have—as yet—bad only e minimal response from them. We would still welcome opportunities to meet them, and believe that this could help clarify important datails and resolve unfounded fears.

John D. Elliott.
1 Garden Street,
South Yarra,
Victoria, Australia.

Going for world markets

From the Chairman and Managing Director, Air Call

Sir, — Our company bas been known to take a hard line against the monopoly tactics of British Telecom. For many years we have been a competitor to it (often the only one) in the value added services arena.

The greatest disadvantage we faced in the past few years has been the lack of support from major UK electronic manufacturing companies. They seldom showed interest in supporting or supplying to British Telecom competitors. With recent brave decisions by Oftel they may at last realise that there are alternative purchasers.

It was not, however, until British Telecom showed its strength of purpose, its ability to look elsewhere, that it appears to have dawned at last, that leadership in telecommunications has swung away and outside the manufacturers' grasp to the major world service providers. Now we do have market leadership in the UK in a whole host of new service areas — market leadership intent on achieving major market share.

This leadership created by the Government's policy of liberalisation is vitally important to Britain, but will be only a part success if this leadership cannot be translated into world market share rather than supply the protected home market.

We believe that this leadership should be assisted wherever possible by our electronic groups supporting and being supported by the major service providers to obtain world market positions. We do not see the rationale of the electronic groups' billions of pounds being used to take over each other when Britain would gain far more from this being invested to obtain international market share.

Is it not economic sense that we combine behind evident market leadership, market leadership fostered by the government for such purposes? British Telecom, Cable & Wireless and Racal all have protected situations in the UK. It would indeed be sad if they fight over the small bones of the UK market place when they have the chance of being major players in the world scene.

J. W. Tayler.
176-184 Vauxhall Bridge Rd., SW1.

University staff

From Dr C. Hill.

Sir,—Mr J. Magill (February 6) seems to be out of touch with the realities of university life in his call for a maximum of one year's probation for lecturers, and an end to security of tenure.

Some universities, like my own, already have the five year probation period Mr Magill criticises, for the simple reason that university staff are judged almost entirely on their research performance, and research productivity cannot be assessed in such a short time as twelve months. It is unfortunate but largely true that good teaching goes unrewarded and bad teaching unpunished, whether in the grant of tenure or decisions on promotion. Research is the key, despite the fact that publication is no guarantee of originality, and the likelihood that excellence in teaching will make at least as great a contribution to the common good as most books or articles.

It is right that there should be greater quality control in the universities, but this should apply to teaching as well as research, and will not be advanced by removing tenure. The scramble into print for its own sake will increase, and teaching will suffer further. We really need to encourage an equal and symbiotic relationship between good research and good teaching. This meant retaining tenure, introducing more efficiency bars (and, perhaps inspectors) — and paying serious attention to the salary problem.

(Dr) Christopher Hill,
London School of Economics,
Houghton Street, WC2.

Auditor's role

From the Managing Director, Sibson/J. & H.

Sir,—Under the heading of "Accounting body clarifies stance on auditor's role" (February 5) you quote Mr Ian Percy, convenor of the working party of the Institute of *Chartered Accountants* of Scotland, on the topic of the auditor's role in relation to supervisors of regulatory bodies, among others.

Mr Percy is quoted as saying "clients must be frank with their auditors. If the auditor is seen by his client in the role of spy for the Big Brother supervisor, the client/auditor relationship has gone."

While Mr Percy is right to emphasise the importance of frankness between auditors and client, the context that the shareholders are the real client would benefit from explicit mention as well. As your management page article of the same day points out, one of the roles of non-executive directors is their role in audit committees.

Paul Massey.
195 Knightsbridge, SW7.

No laughing matter

From Mrs C. Paget-Brown

Sir,—While widely accepted as a leading and influential authority on financial and industrial matters, the Financial Times is clearly less sure of its ground in dealing with matters of the heart.

The delicious feeling of romance, love and intrigue in sending one's beloved a single red rose on St Valentine's Day has now been reduced to one of utter confusion by the contradictory views, of two of your newspaper's contributors. In "Lots of hearty tributes" (February 8), Lucia van der Post says that the sending of a single rose might be seen as "verging on the mean." In his adjoining article "Romance is no laughing matter," Paul Keers states: "The most romantic thing I have ever received was when my girlfriend sent me a single rose. . ."

Let's hope the two of them can get together on this issue before there is a misunderstanding of Westland proportions.

(Mrs) Christine Paget-Brown.
58 Pelham Walk,
Esher, Surrey.

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FINANCIAL TIMES

Friday February 14 1986

BELL'S
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FRENCH STATE METALS GROUP BOOSTS PROFITS AND TAPS BOURSE

Péchiney to raise FFr 1.7bn

BY DAVID MARSH IN PARIS

PÉCHINEY, the state-owned French aluminium and special metals group, is raising FFr 1.7bn ($235m) in oew equity through a two-stage issue of non-voting preference shares (certificats d'investissemeot, or CIs) on the Paris bourse.

It also announced yesterday a rise in group net profits to FFr 750m last year from FFr 546m in 1984 in spite of a big drop in aluminium earnings caused by last year's sharp decline in aluminium prices.

Mr Bernard Pache, the Péchiney chairman, said yesterday that this year's results would depend crucially oo fluctuating aluminium prices, which have made a strong recovery on the London Metal Exchange after lows in November of ebout $950 a tonne.

Péchiney believes, however, that it now has a profitable "core business" in areas such as special metals and alloys as well as composite materials. This is relatively unaffected by economic fluctuations.

This "core business" in high technology should provide basic operating profits of FFr 1.2bo to FFr 1.4bn in coming years, according to Mr Jean-Louis Vinciguerra, Péchiney's finance director.

Last year's operating profits totalled FFr 2.01bn, down from FFr 2.71bn in 1984, with aluminium showing a much reduced profit of FFr 753m against FFr 1.68bn in 1984. Specialised metallurgical activities and new materials – including activities in nuclear fuel, aerospace, weapons and turbine components – produced operating profits of FFr 1.11bn last year (FFr 975m in 1984), with electrometallurgy and carboo products making profits of FFr 376m (FFr 260m).

Copper processing made losses of FFr 229m (FFr 201m loss in 1984). Péchiney aims to bring this sector into the black within two years through cost-cutting and reductions in capacity.

Péchiney's overall turnover last year came to FFr 35.9bn against FFr 35.5bn in 1984. The main factor producing the higher net profit was a sharp cut in provisions linked to factory closures and restructuring. These totalled FFr 445m in 1985 against FFr 1.44bn in 1984 and are due to decline further in 1986.

The issue of CIs will be launched on Monday with the sale of an initial tranche of FFr 800m et an issue price of FFr 225. These CIs – yielding a preferential dividend of a basic FFr 9.5 a share in addition to a fluctuating payout depending on results – will be assimilated into a previous tranche of FFr 800m in CIs issued last July.

The new issue will carry warrants allowing subscribers a further FFr 900m tranche at FFr 260 a share up to the end of 1987.

The operation will result in an increase in Péchiney's nominal share capital from FFr 3.92bn to FFr 4.27bn through the first tranche, rising to FFr 4.63bn if all the warrants are converted. Private investors' non-voting shares, which currently make up 11 per cent of Péchiney's capital, would rise to 18 per cent after the first tranche of CIs and 25 per cent if all the warrants were subscribed, Mr Pache said. This is the limit allowed under current legislation for nationalised companies.

As in the case of the recent capital increase for the state owned Compagnie Financière de Suez, the state is selling on the bourse its rights to subscribe to the Péchiney capital increase. The price of the rights will be determined by market demand.

Mr Pache said he had a "pragmatic" attitude over the possibility that Péchiney would be denationalised. The right-wing opposition has promised to sell shares in state companies if returned to power in next month's general elections. He said any sale would have to be carried out in a way which did not prevent Péchiney raising fresh cash from the capital markets in coming years.

Péchiney's market capitalisation is presently estimated at about FFr 10bn according to the price of the first issue of CIs made last year. Mr Pache said Péchiney would need to raise continued funds for capital investment, put at FFr 4bn this year after FFr 5bn last year and FFr 3bn in 1984.

Rodamco in £240m bid for Haslemere

By Michael Cassell in London

RODAMCO, the Netherlands-based property investment trust, yesterday launched a surprise bid for Haslemere Estates, the UK's twelfth-largest property company. The offer, which was immediately rejected, values Haslemere at £240m ($336m).

The unwelcome approach was preceded by a dawn raid in which Rodamco, through stockbrokers Rowe & Pitman, managed to raise its stake in Haslemere from 11.7 per cent to 24 per cent.

Rodamco's offer puts a 600p-a-share price tag on Haslemere, against stated net assets per share of 649p in March 1985. Current estimates put the figures at around 680p.

News of the bid sent Haslemere shares soaring ahead of the offer price, rising 115p to close at 620p and giving the company a market capitalisatioo of £182m. The investment portfolio was valued last March at £290m. In 1984-85 Haslemere's pre-tax profits rose to £6.4m, having peaked at £7.08m in 1982-83.

Early yesterday Mr Cornelis van Rijn, managing director of Rodamco, described the offer as "generous" and said he hoped it would be accepted by the Haslemere directors, whom be planned to see later in the day.

But even before the meeting went ahead Mr David Pickford, chairman of Haslemere, said the terms were wholly unacceptable. He described as "blatantly untrue" suggestions from the Rodamco camp that the company had become "a little too sleepy."

He added: "Those who have sold at 600p may already be regretting it. The company rejects Rodamco's uninformed assessment of Haslemere, which shows it to be out of touch with our up to date net asset value, proven management skills and excellent prospects for growth."

Mr Pickford said Haslemere had a very active investment and development programme under way and planned. He strongly advised shareholders to retain their shares. Haslemere will be writing to them today to spell out its defence.

The Rodamco bid is, at this stage, confined to Haslemere's ordinary shares and is worth £179m. A subsequent offer for the convertible shares will raise the value of the total package to £240m.

Rodamco is part of Robeco Group, which has $8bn of funds under management and represents the largest stable of investment trusts outside the US.

Background, Page 28

Thatcher moves to dampen UK hopes of big tax cuts

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET THATCHER, the British Prime Minister, yesterday forecast a "prudent and cautious" budget on March 18 as she and Mr Nigel Lawson, Chancellor of the Exchequer, sought in the House of Commons to lower expectations about the size of any tax cuts.

Mr Lawson stressed the "substantial loss of North Sea oil tax revenue as a result of the sharp fall in the oil price" and said it was quite clear that the scope for manoeuvre had been "very greatly affected."

Their comments followed the usual pre-budget Cabinet discussion of the economic outlook yesterday morning when the overwhelming majority of ministers backed Mr Lawson's view that in these circumstances it was right not to take risks in order to cut taxes.

The Cabinet also accepted that, in the wake of the Westland affair, the next British general election was unlikely to be held before there was time for one, if not two further budgets when taxes could be reduced. The electioo must be held by June 1988.

During the three-mooth row over rival rescue plans for the troubled helicopter group, two Cabinet members have resigned, Mrs Thatcher's authority has been questioned and the Conservatives have fallen to second or third place in every opinion poll.

Although no precise figures were discussed yesterday, the implication is that Mrs Thatcher's reference to "prudent and cautious" means that the public borrowing target for 1986— will not be significantly higher than the existing assumption of £7.5bo ($10.5bn) for that year.

Although final decisions will oot be taken until nearer the budget, there also seems to be scope for only very limited tax reductions possibly, of £1bn or so at best, although there is no likelihood of any increase in taxes overall

Given the limited scope for manoeuvre, most ministers accepted during yesterday's hour-long discussion that there was little point in debating whether the priority should be a cut in the basic rate of income tax at present 30 per cent, or a further increase in the real level of thresholds. The former therefore, seems likely to be postponed until oext year.

The only significant challenge to the Treasury's caution came from Mr Peter Walker, the Energy Secretary, who claimed that, despite the fall in the oil price, there might still be scope for fiscal relaxation of between £2bn and £3½bn and this should go in a mixture of additional public investment and higher thresholds. These figures are not accepted by the Treasury.

Mr Walker received partial support from Mr Kenneth Baker, the Environment Secretary, who called for additional expenditure on some programmes like housing. But he started by congratulating Mr Lawson oo his handling of the financial and foreign exchange markets over the past few weeks.

Most other ministers accepted, a few reluctantly, that it would be politically better not to take risks now and to look to the long term. This also reflects a general desire to lower the temperature after the upsets of the past six weeks. Indeed senior ministers now believe that the Westland affair is at long last moving off the centre of the political stage and that some of the pressure on the Government is easing.

Several ministers suggested detailed proposals, particularly those specially targeted at reducing unemployment. Sir Geoffrey Howe, the Foreign Secretary, among others, is believed to have backed an extension of the special employment and training measures, which are being further reviewed by Lord Young, the Employment Secretary.

Editorial comment, Page 18;
Resolution of crisis, Page 19

US warning on Mexican economy

Continued from Page 1

are available, he added, "but none will be available if Mexico is not willing to undertake basic reforms." He suggested Mexico may need "shock treatment" similar to the approach adopted by President Alfonsin in Argentina.

America's ability to help was restricted by budget constraints and a limited ability to purchase oil from Mexico for its strategic petroleum reserve, the official said. But he maintained that, within a few weeks of "earnest negotiations" Mexico could complete an IMF programme and put together a bank financing package.

On other financial issues, the official conceded that any improvement in America's $148bn trade deficit will not come soon enough or be large enough to head off a resurgence of protectionist pressures, especially if economic growth revives as the Administration expects.

He added that concern about protection and about legislative proposals on Capitol Hill calling for reform of the international monetary system, bad prompted President Ronald Reagan's decision to ask US Treasury Secretary James Baker to examine the subject and look into the need to convene an international monetary conference. "We believe the system does need improving," he said.

He said the US favoured discussion of the issue at the interim committee of the IMF in April and elsewhere including the OECD and the world economic summit in May.

Daimler-AEG merger approved

Continued from Page 1

market, there is a case for upholding strict competition between MBB and Daimler's aerospace interests.

Daimler-Benz announced earlier this week that it had agreed to another of the Cartel Office conditions to sell its indirect 9 per cent stake in Metallgesellschaft, the metals, mining and trading group.

Daimler holds this stake through a company in which Siemens is also a partner. In addition, Kolbenschmidt, a Metallgesellschaft subsidiary, supplies vehicle components to Daimler-Benz.

The AEG acquisition is the third major takeover by Daimler-Benz in little more than a year under its strategy of widening its activities into high technology areas.

It first gained complete ownership of MTU, the aero and marine engine maker by buying out its equal partner, the Man truck group. It later bought 65.5 per cent of Dornier, which makes light aircraft and is involved in a wide range of high-technology research.

World Weather

		°C	°F
[illegible]	[illegible]	[illegible]	[illegible]

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair H-Hail Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Enichem-ICI PVC merger

Continued from Page 1

EVC, the new joint company, will have a registered holding office in the Netherlands, a management office in Brussels and joint operating and sales companies in several European countries. All PVC compound operations of Enichem and ICI will be consolidated into the joint venture, although the ownership of actual plants and other assets will remain with the respective parent companies. Manufacturing capacity for PVC will be updated in the UK, Switzerland and Italy.

The initial capital of the new venture has not been disclosed, but combined annual turnover should be about $900m.

Sweden to close Kockums shipyard

Continued from Page 1

Merchant shipbuilding at Kockums is expected to cease within 18 months. The present order book will be completed by the beginning of 1987, but the Government yesterday promised additional funds to guarantee some work during 1986 and 1987 to allow a more gradual run-down. The yard has not won a new order since 1983.

As part of its aid package to the region, the Swedish Government also expressed unreserved support for the ambitious plans to build a SKr 3.3bn (at 1984 prices) road bridge across the Oresund straits between Malmö and Copenhagen, a project that has been discussed for decades by the Swedish and Danish governments.

The plans for both the road bridge and a SKr 2.3bn rail tunnel under the Oresund are still being held up by indecision in Copenhagen. The Swedish Government said it was prepared to start work on a road bridge as soon as agreement could be reached with the Danish Government.

The Saab car plant is one part of a far-reaching SKr 31bn capital investment and research and development programme in Sweden planned by Saab-Scania for the years 1986 to 1992, more than doubling its pace of investment in the five years since 1980.

Italy joins Denmark in rejecting EEC reforms

By Paul Cheeseright in Brussels

ITALY yesterday refused to sign a package of European Community constitutional reforms on the grounds that the changes negotiated last year are too modest.

It thus joins Denmark which is withholding acceptance of the package at least until after a referendum to be held on February 27. Denmark, however, believes the planned changes are too sweeping.

The Italian decision came after debates on the package at the European Parliament and after a government consultation with the national parliament. The refusal was announced in Rome and representatives of Italy's EEC partners were informed in Brussels yesterday afternoon.

The Netherlands Government, now holding the Community presidency, nevertheless intends to go ahead with the signing ceremony planned for Luxembourg next Monday. "We will not shoot the Italians," a Dutch diplomat said.

Italy and Denmark may be joined by Greece in refusing to sign, but last night it was not immediately clear what the intentions of the Greek Government were.

The package at the centre of the renewed political difficulties in the Community is designed to speed up decision making by introducing more qualified majority voting in ministerial meetings, enlarge the European Parliament's legislative role and solidify political co-operation. The whole is termed a Single European Act.

It was assumed in Brussels that the Italian refusal would be lifted if Denmark eventually signs the package. Italy and Greece have been concerned that a signing ceremony on Monday would amount to undemocratic pressure on the Danes.

At the same time it was noted that now the Danish Government is no longer isolated some urgency had been lifted from the referendum campaign.

Although the Italian stand was not unexpected, it is diplomatically awkward for Rome to be seen as backing away from the cause of EEC reform, a cause it has constantly preached.

But the signing ceremony in Luxembourg means that the text of the constitutional agreement is highly unlikely to be changed to meet either Italian or Danish pressures, coming from opposite ends of the Community spectrum.

To come into force the agreement needs the unanimous approval of the 12, as well as ratification by national parliaments. It is thus doubtful if, in any case, it would have come into effect before the autumn.

Editorial comment, Page 18

Siemens joins bidding for Bell contract

By Paul Taylor in New York

SIEMENS, the West German electrical group, has moved another key step forward in the race to sell digital telephone exchange switches to the local Bell telephone companies.

Ameritech, one of the seven regional telephone holding companies, has formally added Siemens to a list of vendors who will bid later this year for $100m in digital switch contracts.

Siemens will join Canada's Northern Telecom and American Telephone and Telegraph (AT and T), which together dominate the US market for digital network switches, in the battle to win a slice of Ameritech's local Bell telephone company orders for installation of digital switches in 1988 and 1989.

Ameritech said yesterday that the total contract, which is likely to be split between the competing manufacturers, will probably involve between 20 and 25 large digital switches each costing about $4.5m.

The bids are due to be submitted this summer and contracts will be awarded primarily on the basis of price. Ameritech said, however, the switches will also have to offer a full complement of advanced telephone switching features and be capable of each being expanded to handle between 30,000 and 100,000 lines.

The move, the first time a regional holding company has been added as a third bidder for Bell system digital switch contracts, marks a breakthrough for Siemens.

Earlier this year it won a contract to supply a test switch to Wisconsin Bell, one of the five Ameritech local telephone operating companies.

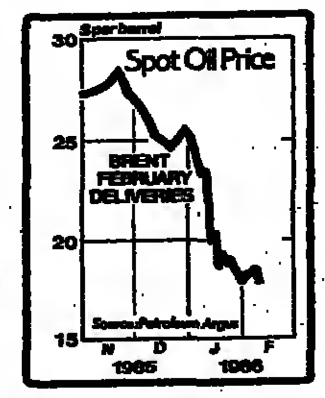
Last Month Siemens and GTE announced plans to launch a US joint venture equipment group, which could help Siemens supply the advanced equipment if it wins the bid battle.

THE LEX COLUMN

Daisy chains in Rotterdam

The $10 fall in the oil price was never going to leave the North Sea forward market unscathed; but amid the general smell of scorching since January, it is not easy to say how many fingers have been burned and how badly.

At the very least the oil majors seemed yesterday to be less than heartbroken at the discomfort of small traders. This will no doubt mean that the market, which has functioned fairly well as a hedging mechanism quite unregulated for four years, will not simply cease to function.



These past weeks the market has resembled nothing so much as a housing chain when mortgage are rates going through the roof. The risk of default was always present as the flood of netback crude entering the majors' refineries forced down the price of February deliveries in the spot market, handing large losses to the long traders at the top of each chain of transactions.

What appears to have dried up the market was not so much stories of Sandis-under-the-bed as evidence that some traders were stuffing their loss-making positions into one chain in order to precipitate a break. An unregulated market requires gentlemen rather than cutthroats; and the unravelling of litigatioo between each trader could make the career of a 600,000 barrel Brent cargo through 100 hands seem positively straightforward.

As yet the majors seem to be showing no desire to rescue traders whose activities, for example in the products market, are not exactly conducive to stable netback margins.

What trading exists is being conducted on very restrictive black lists, chain by chain. However, without some attempt by the majors to clear up the mess it may be some time before the market regains the liquidity to provide the majors with their price aod margin hedge.

SIB/Stock Exchange

The dignified aspirations of the Stock Exchange as a self-regulatory body – pioneer of City police work and responsible only to the Department of Trade and Industry – seem to bave received their last unkindest cut. Not only has its chairman's call to the top table of regulation, the Securities and Investments Board, unaccountably failed to arrive, but the Government has conceded the SIB's case for having direct powers to rewrite the rules of individual regulatory agencies, including those of the stock exchange. The SIB will not, after all, need a court order before it can enforce rule changes that it may think desirable.

A lot will depend on the precise definition of the SIB's enlarged powers; if interfering with the rule-book of an SRO is made a sufficiently protracted business, with lots of built-in consultation, the SROs may yet consider themselves more than a set of rubber stamps. But it does look as if the second tier of regulation has lost its last claim to independence; and the senior practitioners who have had to be dragooned on to such bodies as the Stock Exchange Council may now be even more reluctant to perform.

Rodamco/Haslemere

Rowe & Pitman waited until long after dawn yesterday to mount its raid on Haslemere Estates but that scarcely mattered; after a long period in the wilderness, the dawn raid is back in town. The institutions which sold 12.3 per cent of Haslemere's equity at around 600p a share may have given themselves a gentle kick in the early evening as the Haslemere price touched 620p, but there is little prospect that the early sellers will look as silly as they did after the R & P raids of a few years ago. If 620p ist not the evenIual price for control of Haslemere, it should be something very close.

For one thing, Rodamco is already in a commanding position with a quarter of the equity its belt. And, while Haslemere may put together a pre-tax asset value of 700p or more in time for its March balance sheet, the institutions are likely to be guided more by outside forecasts which point to a figure of around 675p. Eveo on the present terms, that would leave Rodamco paying something of a premium over average sector values for control. Given Haslemere's poor earnings and asset growth performance over the past five years, a slight tweak to the present offer should be sufficient to win the day.

For Rodamco, Haslemere represents an obvious entry into the UK property market which, leaving equity investment aside, has not so far figured in its worldwide portfolio. Haslemere is equivalent in size to the whole of Rodamco's US interests, so the Dutch group will almost certainly want to adjust the weighting by trimming the Haslemere portfolio. Perhaps the most intriguing feature of the whole deal is that Rodamco did not sound out its target before launching yesterday's bid. The risk of a security leak is now so great in the London market that even the gentlemanly Dutch prefer to shoot first and ask questions later.

Hanson/Imperial

Imperial Group has so far mustered a rousing defence to the Hanson Trust assault and yesterday it added to its fortifications with a profits forecast which neatly stretched the Hanson terms without stretching the market's credulity.

A month ahead of the UK budget any forecast for a year which ends in October must be treated with caution, but Imperial has at least specified the likely level of pub disposal profits – £20m – and has agreed to drop the habitual unextraordinary extraordinary items from its revenue account. Hanson may very well raise questions about Imperial's marketing spend but there is, on the face of it, not much for the accountants on the Brompton Road to pick over.

Even allowing for the Office of Fair Trading's referral of the UB deal, Imperial must be ahead on points at this stage. Hanson's opening offer is now dead and buried – it was admittedly never frisky – and the market appears to be anticipating a new bid in the area of 300p. Stripping exceptional items out of the profits forecast that would put Imperial on an exit p/e of about 11½.

With a judicious combination of cash and equity, Hanson should have little trouble at that level.

This announcement appears as a matter of record only.

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Saab-Scania plans SKr 31bn boost to car production

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SAAB-SCANIA, the Swedish automotive and aerospace group, plans a substantial increase in its car production capacity as part of a SKr 31bn ($4.16bn) Swedisb capital investment and research and development programme for the six years 1986-1992.

Saab said that it planned to build a SKr 3bn car plant on the site of the Kockums shipyard in Malmo, southern Sweden. The Government announced yesterday that the yard's merchant shipbuilding activities are to be closed.

Saab was investing heavily already at existing plants to increase car output to about 150,000 by the end of 1988. But according to its new plans, capacity will be increased again to about 210,000 in 1992-93.

In 1980, car production slumped to a low of 65,800 units. But the company's fortunes bave been revitalised by the launch of new models and by development of its turbo engine.

About a third of its car sales are in the US, wbere sales jumped by 16.7 per cent in 1985 to 38,243 – double the 1982 level.

Saab said the plant in Malmo would be built in two stages. Construction of the first stage would begin in 1987-88 with first production in 1989. From 1989-92 the new factory will operate as an assembly plant with a production capacity of 60,000 cars a year.

The second stage is planned for the beginning of the 1990s when the plant will be expanded to a complete car factory with body and paint shops. By about 1993 the plant will have an assembly capacity of 90,000 cars a year and a body and paint shop capacity of 60,000.

The plant should provide about 1,200 jobs by 1988-89 and about 2,700 jobs by the time the second stage is completed.

Mr Georg Karnsund, Saab managing director, said yesterday that tha company had decided that "a capacity of 150,000 units will not be sufficient when we enter the 1990s." It is expecting continued strong growth for high-performance executive cars.

The decision to locate the plant at Malmo will allow the transfer of assembly facilities from a nearby plant at Arlov and has been aided by the promise of a support grant from the state of SKr 374m. The state bas also decided to free SKr 12.5bn of the company's investment reserves which can be used tax-free for a range of capital investments.

The same benefits were granted to Volvo in conjunction with that company's planned construction of a new car plant in Uddevala in western Sweden which is due to go into production in 1988.

Fermenta to build drug plant in Ireland

By Hugh Carnegy in Dublin

FERMENTA, the Swedisb pharmaceutical company, is to establish s production plant in Ireland with operations to include the manufacture of a new drug for treating arterial blood clots, it was disclosed in Dublin yesterday.

The location and size of the plant are understood to be under discussion by Fermenta and Ireland's Industrial Development Authority (IDA) which is backing the deal.

The plan was revealed in an announcement by the Swedish Foundation for Applied Research in Medicine (Farm), a commercial researcb company which bas an Irish subsidiary.

Farm said it bad agreed a joint venture with Fermenta under which Fermenta would produce at its Irish plant a drug called Brinase developed by Farm through research in Sweden and Ireland. Details of other production by Fermenta have yet to be disclosed.

Brinase is an enzyme preparation which, Farm says, is effective in dissolving blood clots previously treatable only by arterial surgery, or by amputation in severe cases.

A further joint venture has been agreed between Farm and the Institute for Clinical Pharmacology in Athlone, Co Westmeath, for the testing of Brinase produced by Fermenta.

The IDA also confirmed that the French company Laboratoires Servier is to establish its first foreign production plant at Arklow, Co Wicklow, with backing from the authority. It will employ about 100 people making cardio-vascular and other drugs and is due to open in two years.

The pharmaceutical sector is one of the key areas earmarked for development and inward investment by the IDA. Ireland is now the world's 12th largest exporter of pharmaceuticals. The sector employs 17,000.

US MOTOR GROUPS HIT BY STRIKES, DISCOUNTS AND LAUNCH COSTS

Ford, Chrysler profits slip

BY TERRY DODSWORTH IN NEW YORK

THE big three US motor companies suffered a 17 per cent fall in earnings last year as the impact of strikes, deep-discount promotional campaigns and new product launches cut into profit margins.

Despite this slide in profitability, however, General Motors, Ford and Chrysler enjoyed the third-best profits figures in their history with combined net income amounting to $8.1bn, ranking behind only the $8.99 recorded in 1983 and the $9.8bn of 1984, the best year ever.

Ford and Chrysler brought the annual reporting season for the car companies to a close yesterday with 1985 figures that brought a mixed reaction from Wall Street.

Buoyed by a record market in which total US vehicle shipments exceeded 15m for the first time, the big three recorded their highest turnover figures at $170.4bn, up from $155.7bn in 1984. General Motors moved once again to the top of the US sales league as its revenues rose to $96.4bn in 1985 while the aggregate number of vehicles shipped worldwide by the trio rose to 17m from 15.9m.

All three of the Detroit producers experienced a decline in their profitability during 1985. Chrysler was hit harder than General Motors and Ford, largely because it was closed down for a period by two costly strikes. Chrysler also gave employees a special lump sum payment of $250m as part of the settlement of the wages dispute.

Ford's earnings, showing a drop to $2.5 bn, or $13.63 a share, from $2.9bn, or $15.79, on sales that were virtually static at $52.8bn against $52.3bn, were better than the market had expected

Chrysler's figures, however, proved to be a disappointment as the company announced a 33 per cent decline in earnings to $1.6bn, or $9.38 from $2.4bn, or $12.59, despite a jump in turnover to $21.3bn from $19.68bn.

General Motors released its earnings statement earlier in the month, showing a decline in net income to $4bn from $4.5bn.

The slump at Chrysler brings to an end a spectacular series of earnings increases wbicb have elevated the company's chairman, Mr Lee Iacocca, to the status of national hero for his skill in turning the company around after its five-year period of losses from 1978 to 1982.

Wall Street was prepared for lower profits at Chrysler because it has used up all the tax-loss carryforwards that helped its earnings figures in the early period of recovery. In the fourth Quarter, however, the company suffered a sharper setback than some investors had expected as net income fell to $215m, or $1.31 a share, from $609.7m, or $3.27, on a sales increase to $5.4bn from $5.3bn.

Chrysler said that its profits would bave exceeded the previous year's if it had not had to bear the expense of the strike and the bonus pay-out in the quarter, which together cost the group $400m.

Ford's fourth-quarter earnings fell marginally to $720m, or $3.97 from $721m, or $3.89, on a sales increase of 5 per cent to $14bn. But these slightly lower figures were accompanied by an extremely up-beat assessment of this year's prospects.

The company said that its 1985 results, achieved at a time of considerable upheaval caused by new product launches, had demonstroted its "increased earnings power resulting from better quality, new products and improved efficiency."

Mr Donald Petersen, chairman, and Mr Harold Poling, President, added that the recent appreciation in the value of the yen would help to strengthen the group's competitive position in the US while the sharp decline in oil prices "should result in higher industry car and truck sales over the next several years."

Men and Matters, Page 18

Philips ends V2000 recorder

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronics group, is finally ending production of its loss-making V2000 video cassette recorder after failing for years to gain enough share of the worldwide market to compete with the Japanese.

The V2000, which was introduced in 1979 after joint development with Grundig, has been out of production for 18 months, but Philips steadfastly refused to declare it a dead project until this week. Outside the Netherlands, West Germany and Austria, sales of the V2000 lagged increasingly far behind the competing VHS format of Matsushita and Sony's Betamax.

Losses will amount to several bundred million guilders, according to the company, covering researcb and development, marketing and capital expenditures. No write-offs will be taken oo the 1985 accounts, however, because the two V2000 factories in West Germany and Austria will continue to be used for production of VHS format recorders.

Philips partially conceded defeat for the V2000 two years ago when it began producing the VHS format under licence from Matsusbita. Production capacity of the two plants is 2m recorders a year, but they are running below maximum output.

The end of the V2000 should help put Philips' audio-video division back into profit although VHS recorders are olso losing money. Mr C. J. Van der Klugt, the new chairman wbo takes over the reins in April, bas predicted that the division will return to profit next year.

In a determined effort to make its VCR business profitable, Philips is pursuing a two-pronged strategy: making the European factories more cost efficient and expanding production in the Far East. Two new factories, one in South Korea and the other in Japan, are planned.

Olivetti hopes to raise L630bn from bonds

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, Italy's leading office automation group, expects to raise up to L630bn ($393m) from its planned 10-year, 3.5 per cent Swiss franc bond issue with warrants to buy up to 40m non-voting saving shares. The bonds will raise L430bn, and the warrants, if fully exercised, a further L200bn.

Mr Carlo de Benedetti, Olivetti chairman, said yesterday at an extraordinary sbareholders' meeting, which approved the issue, that Olivetti's 1985 consolidated group net profit was about L500bn on group revenues of L6,130bn, up 34 per cent on 1984.

Olivetti last year made L770bn of investments – L490bn in fixed and commercial assets and L280bn in research and development. The Ivrea-based group debt stood at L250bn at the end of December, against L319.3bn st the end of 1984. Parent company liquidity was L160bn, compared with L100.8bn in 1984.

● Montedison, Italy's leading chemicals company, yesterday announced a joint venture with Materials and Electrochemical Research (MER) of Arizona in the field of advanced ceramics for the electronics and engineering industries. Under the plan Montedison will invest $10m to $15m in the next three years.

Caterpillar Tractor in takeover defence move

BY OUR FINANCIAL STAFF

THE BOARD of Caterpillar Tractor, the world's largest earthmoving equipment manufacturer, has proposed that the company change its bylaws and charter "to strengthen the board's ability to deal with unsolicited takeover attempts."

Because such anti-takeover provisions are forbidden in California, where the company is incorporated, it plans to reincorporate in Delaware, which does not prevent such changes.

Although the company claims it is not aware of any takeover activity aimed at Caterpillar, it believes the adoption of these provisions is prudent considering recent hostile takeover developments involving other companies.

The board's proposal comes at a time when Caterpillar is in the black for the first time in three years. Net income for 1985 reached $198m, total debt declined $457m to $1.4bn and stocks were reduced $107m to $1.1bn.

This turnround in Caterpillar's fortunes has helped it to begin a new modernisation programme. The company plans to spend more than $1bn in the next five years on advanced manufacturing and engineering technology, including $600m previously announced to automate its 21 manufacturing facilities worldwide.

J. P. Morgan unveils corporate remould

BY PAUL TAYLOR IN NEW YORK

J. P. MORGAN, the fifth largest banking group in the US, yesterday unveiled a new corporate structure merging the group's global corporate lending and investment banking activities into a single unit.

The reorganisation highlights Morgan's push into the worldwide investment banking business – along with some of the other major money centre banks which are seeking to emphasise these activities over basic commercial and retail banking.

Morgan, whose main banking unit, Morgan Guaranty, is consistently one of the most profitable of the big New York banks, said it had combined its credit-related and capital market services into a new corporate finance group.

As part of the change, which was approved by Morgan's board on Wednesday and disclosed to staff in a 10-page memorandum, the company named Mr Robert Engel, aged 54, a former executive vice president and treasurer of the bank, to head the new unit with the title of group executive, corporate finance.

Mr Lewis Preston, Morgan's chairman, said: "The new corporate finance group combines in a single global organisation unit the resources and skills we can apply to solving the complex financing needs of clients.

"The structure is a logical continuation of a series of carefully considered actions that can be dated to 1977 when we integrated our worldwide treasury functions. The structure defines the functional components of our business, provides a framework for adapting to change and streamlines the delivery of services to our clients."

Morgan also announced a series of senior management changes. Among these, Mr John Olds and Mr Arthur Rogers were both promoted to executive vice presidents of Morgan Guaranty. Mr Peter Smith, who was in charge of the former banking division, becomes chairman of the bank and group's credit policy committee, succeeding Mr William Pike, who was named executive vice president and chairman of Morgan Bank Delaware. Mr Kurt Viermetz was named treasurer of the bank, succeeding Mr Engel.

The reorganisation at Morgan mirrors similar changes under way at a number of other leading US banks, including Bankers Trust, which have turned increasingly to more profitable investment banking and off-balance-sheet financing to offset thin margins and aggressive competition in traditional commercial bank lending activities. In contrast, some other major banks have chosen to stress retail banking and consumer credit activities.

HNG-Internorth makes $182m loss in quarter

BY WILLIAM HALL IN NEW YORK

HNG-INTERNORTH, the big US natural gas pipeline group, yesterday reported a $182.6m loss in its final quarter as a result of the nationalisation of its Peruvian operations and the restructuring costs associated with the recent merger of the two companies.

The company took a charge of $218m in its final quarter to cover the Peruvian action. The charge, equivalent to $4.93 a share, reflects estimated recoveries from insurance, compensation and the possible return of some property from the Peruvians. The company also took a $88m pre-tax charge in its final quarter to cover workforce reductions and merger costs.

The company's continuing operations just about broke even in the fourth quarter compared with net income of $74.8m in the final quarter of 1985. However, primary earnings per share from continuing operations, which reflect payment of a preferred stock dividend, showed a loss of 27 cents a share in the final quarter compared with a profit of $1.42 a share a year ago.

HNG-Internorth says that a large part of the fourth-quarter loss from continuing operations stemmed from the $88m non-recurring charge.

For the full year, the group reported s consolidated net loss of $14.1m, or $1.42 a share, compared with earnings of $296.8m or $5.61, in 1984. The group's earnings from continuing operations in 1985, before the Peruvian charge, totalled $165.8m compared with $286m in 1984. The group's revenues rose from $7.3bn in 1984 to $10.3bn in 1985.

ICI, ENICHEM MERGER OF PVC INTERESTS TACKLES OVERCAPACITY HEAD-ON

Slimming down petrochemicals industry

BY TONY JACKSON, CHEMICALS CORRESPONDENT, IN LONDON

THE MERGER of PVC interests by ICI and Enichem, details of which were announced yesterday, points to a trend which could be of major significance for European petrochemicals.

First, a large chunk of overcapacity is being taken out of a loss-making market. Second, the bulk of the closures is being suffered by the Italian partner, Enichem. Of the 300,000 tonnes of PVC capacity being shut down, only a third belongs to ICI, and Enichem will suffer 1,000 of total job losses of 1,300.

This is not a nationalistic question. Following the collapse of the world market for petrochemicals in 1980, large amounts of capacity have been taken out by European producers of bulk plastics such as PVC and polyethylene. Private-sector producers, such as ICI and the major German groups, have accounted for much of this.

Nationalised industry producers, in Italy, France and Spain, for instance, are widely felt in the industry to have done less than their share. Politically, this is understandable: but, since most bulk plastics in Europe still suffer from overcapacity of between 15 per cent and 20 per cent, it is to the nationalised companies that the industry has been looking for the next phase of rationalisation.

Prof Franco Reviglio, chairman of ENI, Enichem's parent company, puts the point another way. "For too many years," he says, "commodity chemicals in Europe have operated in a restricted field, without taking account of the wider European market of 300m people." If the ICI/Enichem venture takes the petrochemicals industry further from the kind of nationalistic power-play which characterises the European steel industry, that will in itself be a useful contribution.

The change of heart in Italy is not, perhaps, all that surprising. The huge petrochemical plants which constitute the bulk of Enichem's assets are the inheritance of a form of regional aid which, besides disfiguring the Italian coastline, has in its time cost the Italian taxpayer enormous sums of money.

In the Europe-wide petrochemicals slump of 1981-82, the $1bn or so lost by the Italian industry is said to have come close to precipitating an Italian banking crisis. Enichem was then formed as a rescue operation for the industry and came close to breaking even before financing costs by 1984. On the other hand, 1984 was the year in which ICI – also a heavy loss-maker in petrochemicals in 1981-82 – made overall profits of £1bn ($1.4bn) before tax.

For ICI, the merger still leaves open the question of how wise the group was to specialise in PVC in the crisis years of the early 1980s. PVC is unusual in that its producers throughout Europe are all vertically integrated through chlorine, ethylene and vinyl chloride monomer (VCM) production to the final product.

It is, therefore, an unusually difficult market to extricate oneself from. But ICI's difficulties have also applied to others, and hence the fact that PVC, though by no means the worst affected of the bulk polymers in demand terms, has been among the most consistently loss-making.

But the merger with Enichem is a head-on confrontation of the problem. Recent months have seen a number of plant swaps, sales and mergers between European petrochemicals producers, with the consistent aim of becoming as large as possible in a selected product and forcing someone else to tackle the problem of overcapacity.

What is unusual in this case is that the merged business will be as large as any PVC producer in the world – and larger than any in Europe – and yet its owners themselves propose to take out half the European industry's overcapacity. If the European industry is turning away from its time-honoured tradition of kicking itself to death in times of trouble, that is much to be welcomed.

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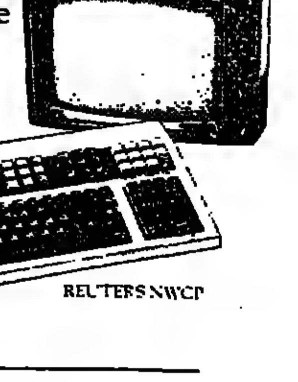

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February 13, 1986

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(FIRST SERIES)

Notice is hereby given that the Rate of Interest has been fixed at 8⅜% and that the interest payable on the relevant Interest Payment Date August 14, 1986 against Coupon No. 2 in respect of $5,000 nominal of the Notes will be $210.54 and in respect of $100,000 nominal of the Notes will be $4,210.76.

February 14, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

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February 14, 1986, London
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Application has been made for the 15,000 Notes of U.S. $5,000 each to be admitted to the Official List by the Council of The Stock Exchange, subject to the issue of the Temporary Global Note. Interest on the Notes will accrue from 4th March, 1986 and shall be payable annually in arrears on 4th March in each year.
Particulars of the Notes and the Issuer are available in the Extel Statistical Service. Copies of the listing particulars relating to the Notes may be obtained during usual business hours on any weekday (Saturday excepted) up to and including Monday, 17th February, 1986 from the Company Announcements Office of the Stock Exchange and up to and including Friday, 28th February, 1986 from:—

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14th February, 1986

INTL. COMPANIES & FINANCE

National Semi shifts strategy

By Our New York Staff

NATIONAL Semiconductor, the US computer chip manufacturer, is formally abandoning the Japanese-dominated market for basic computer memory chips. Mr Charles Sporck, National Semiconductor's president, told analysts that the company planned instead to concentrate on customised advanced semiconductors.

National Semiconductor also announced a long-term agreement with Xerox to exchange technology and expertise in the development of custom-made integrated circuits.

Mr Sporck's comments were made at an analysts' meeting at the group's new $100m state-of-the-art plant in Texas, which manufactures advanced complementary oxide semiconductor (CMOS) chip wafers. His remarks represent formal recognition of a process of withdrawal by US chip makers from basic memory-chip manufacture apparent during the past year.

The National Semiconductor executive said: "All domestic manufacturers, with the exception of Texas Instruments, have more or less decided it is impossible to continue competing in the dynamic random access memory (Dram) market."

US semiconductor manufacturers have all but abandoned the $3bn market for 64K and 256K memory chips in the face of cut-throat pricing by Japanese manufacturers.

Johnson & Johnson earnings rise by 19% at year end

BY PAUL TAYLOR IN NEW YORK

JOHNSON & JOHNSON, the US health care and pharmaceuticals group whose brand-name products include Tylenol, the popular pain reliever at the centre of a cyanide poisoning investigation in the US, reported a 19 per cent increase in fourth-quarter and full-year net earnings.

Two other big US health care and drug groups, Upjohn and Sterling Drug, also reported higher fourth-quarter and full-year profits from continuing operations.

J&J's fourth-quarter net earning increased to $127.7m, or 70 cents a share, from $107m, or 59 cents, in the corresponding period a year ago on sales 7 per cent up at $1.66bn from $1.55bn.

Full-year net earnings were $613.7m, or $3.36 a share, compared with $514.5m, or $2.75, on sales which grew to $6.42bn from $6.12bn in 1984. J&J said that at average 1984 exchange rates, sales last year would have increased by 7.4 per cent compared with the posted 4.8 per cent gain.

The group said its earnings last year continued to be affected by high investment spending in diagnostic imaging and development of Johnson & Johnson hospital services. However, the company said 1984 earnings were depressed by investment spending "to counter major competitive activity in the sanitary protection and over-the-counter analgesic markets."

Upjohn, which sold its worldwide polymer chemicals business to Dow Chemical last August, reported fourth-quarter net earnings of $50.3m, or $1.62 a share, up from $33.88m, or $1.11, in the previous year on sales which increased 14 per cent to $514.2m from $450.5m. Latest quarterly earnings included a $102,000 gain from discontinued operations while the corresponding quarter included a $9.3m loss from discontinued operations.

Norsk Hydro profits at NKr 2bn

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian industrial and energy group, is increasing its dividend to NKr 6 a share for 1985 from NKr 4.50 a year earlier. But Mr Torvild Aakvaag, the group's president, is unwilling to make any forecast about the year's result because of the many uncertain factors in the market, particularly falling petroleum prices.

Preliminary figures published yesterday show an 18 per cent rise in sales to NKr 42bn ($5.7bn). About half the increase, NKr 3.2bn, reflected acquisitions during the year.

Net after-tax profits rose NKr 55m to a record NKr 2.07bn, but the figure was lower than expected and the price of Hydro's shares fell on the Oslo stock exchange yesterday, easing NKr 9.50 to NKr 131.50.

Overall operating profits were down by NKr 235m to NKr 3.7bn, but the drop was offset by net financial items which were positive to the tune of NKr 62m, an improvement of NKr 780m from the year earlier.

The fall in oil prices hardly affected last year's results. The poorer performance of the petroleum division, with an operating profit of NKr 3.78bn, compared with NKr 4.17bn in 1984, mainly reflected falling output on the Ekofisk field and the write-down of oil product inventories. Most of Hydro's petroleum production is gas and price drops for gas tend to lag about six months behind those for oil.

For the group as a whole, the impact of lower petroleum prices will be cushioned by the fact that its consumption of energy, mainly by the fertiliser division, represents roughly 80 per cent of its energy production.

Bank maintains growth

BY DAVID WHITE IN MADRID

LA CAIXA, Spain's leading savings bank, announced a modest rise of less than 6 per cent in its "surplus," or profit, last year to Pta 11.3bn ($76m), with growth still just above the sector's average.

Although the profit increase was less than the 19 per cent in 1984, Mr Josep Vilarasau, chief executive of the Barcelona-based bank, described the performance as "very satisfactory" in view of the sharp fall in interest rates during the year.

After deducting provisions for corporate income tax, the surplus is allocated to community welfare funds and reserves.

New funds from customers amounted to Pta 229bn, bringing the total to Pta 1,334bn, an increase of almost 21 per cent. This compared with a 20 per cent increase for Spanish savings banks as a whole, which have been expanding their share of the market compared with commercial banks.

La Caixa is awaiting permission from the Andorran authorities to take over the minority share held by Banque Indosuez of France in the principality's leading banking institution, Credit Andorra.

EUROPE 1 COMMUNICATION

The Board Meeting of the EUROPE 1 COMMUNICATION Company has met under the chairmanship of Mr. Pierre Barret to close the accounts of the fiscal year ending on September 30, 1985.

(1) Net results of the Company amount to FF 62,988,000 (against FF 10,477,000 for the preceding fiscal year), after tax on profits of FF 28,973,000 (against FF 28,093,000) and after exceptional provisions reduced to FF 19,521,000 (against FF 67,172,000), taking into account the transfer of the Télé-Monte Carlo Italian branch during the fiscal year.

(2) Consolidated results (not finally set) will be about 99 million Francs, of which 85 million for the group share against respectively FF 27,736,000 and FF 14,012,000 in 1983-1984.

(3) The Board will propose to the General Meeting, the date of which has been set on March 28, 1986 in Monaco, the distribution of a dividend of FF 33 net per share against FF 15 a year ago.

North American quarterly results

ALGOMA STEEL
Steel

Year	1985 C$	1984 C$
Revenue	1.16bn	1.1bn
Op. net profits	†9.8m	†45.7m
Op. net per share	†1.82	†4.30

† Loss

AMCA INTERNATIONAL
Conglomerate

Fourth quarter	1985 $	1984 $
Revenue	400.3m	355.1m
Net profits	3.2m	14.7m
Net per share	†0.05	†0.23
Year		
Revenue	1.58bn	1.44bn
Net profits	16.78m	11.65m
Net per share	†0.12	†0.26

† Loss

CAMPBELL SOUP
Canned soups

Second quarter	1985-86 $	1984-85 $
Revenue	1.18bn	1.08bn
Net profits	69.7m	60.2m
Net per share	1.08	0.93
Six months		
Revenue	2.28bn	2.08bn
Net profits	121.5m	106.8m
Net per share	1.88	1.66

COLGATE PALMOLIVE
Toiletries

Fourth quarter	1985 $	1984 $
Revenue	1.18bn	1.05bn
Op. net profits	25.8m	†91.1m
Op. net per share	0.41	†1.13
Year		
Revenue	4.5bn	4.4bn
Op. net profits	167.9m	42.7m
Op. net per share	2.13	0.51

† Loss. Results exclude special charges

HERSHEY FOODS
Chocolate, confectionery

Fourth quarter	1985 $	1984 $
Revenue	540.5m	512.3m
Net profits	35.6m	34.7m
Net per share	1.14	1.11
Year		
Revenue	1.99bn	1.85bn
Net profits	112.2m	108.8m
Net per share	3.56	3.47

Continued on Page 39

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February 12, 1986

INTERNATIONAL CAPITAL MARKETS

The Financial Times is proposing to publish a Survey on the INTERNATIONAL CAPITAL MARKETS on Monday, 17 March 1986

For further details and advertisement rates please contact:
Nigel Pullman
Financial Times, Bracken House,
10 Cannon Street, London EC4P 4BY
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Guaranteed Floating Rate Notes of 1984/1994
For the three months from February 12, 1986 to May 12, 1986 the Notes will carry an interest rate of 10$^{11}/_{16}$% per annum. On May 12, 1986 interest of Ecu 264.22 will be due per Ecu 10,000 Note and Ecu 2,642.19 per Ecu 100,000 Note for Coupon No. 7.
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Compagnie Financière
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AHMSA

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U.S.$100,000,000
Floating Rate Notes due 1987

In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 13th February 1986 to 13th August 1986, the Notes will carry an interest rate of 8⅝% per annum. The interest payable on each U.S.$10,000 Note on the relevant interest payment date, 13th August 1986, against Coupon No. 9 will be U.S.$437.08.

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Bonn uses intermediary for zero-coupon deal

BY MAGGIE URRY

THE WEST GERMAN Government is indirectly tapping the international capital markets for the first time through a Euro-DM 1.44bn zero-coupon bond issue. But the borrowing is being done in a roundabout way and the issue is in the name of a Channel Islands-based company owned by a charitable trust. The issue enables the government to borrow for a longer maturity, 30 years, than is possible in the domestic market, and at cheaper rates.

Commerzbank, book-runner on the issue, and Salomon Brothers, co-lead manager, have devised a structure similar to the stripped Treasury bonds now familiar in the US market which Salomon pioneered. The German state-owned Post Office is issuing a 30-year schuldschein bond paying normal coupons to the company, called Euro-DM Securities. In turn the company is repackaging the coupons and the principal amounts as zero-coupon issues. This method avoids the problem to the Post Office of issuing zero bonds which create a huge balance sheet debt but have small initial proceeds.

The first 10-years' coupons have been sold privately to a small number of institutional investors. After that interest payments are packaged together in lots of five to produce a 15-year, a 20-year and a 25-year zero-coupon issue, each with a nominal amount of DM 211.75m. The last coupons and the schuldschein principal form a 30-year issue with a redemption value of $800m.

The all-in cost to the German Post Office is under the current 10-year borrowing rate of 6¾ per cent.

All the tranches offered publicly traded above their issue prices with the shortest and longest proving most popular. The 15-year tranche has an issue price of 37.80 per cent to give a yield of 6.7 per cent. This was trading around 38.15 yesterday. The 20-year portion is issued at 27.85 to yield 6.6 per cent and traded at 28.20. The 25-year issue priced at 20.95 to yield 6.45 per cent, traded around 21.25 and the 30-year, priced at 15.95 to yield 6.31 per cent traded at 16.40.

Commissions were set at 2½ per cent of the cash value of each tranche.

Although investors were attracted by the effective West German state guarantee, there is a slightly added risk because of the intermediary company. This company is, however, a single purpose body which has no function other than this issue. Even so the 30-year issue traded at a marginally higher yield than the World Bank's 30-year zero-coupon deals. After the initial success of this issue more could be coming.

Record net earnings for CSFB

BY OUR EUROMARKETS CORRESPONDENT

CONSOLIDATED assets of Financiere Credit Suisse-First Boston (CSFB), the market leader in Eurobond issuing, dropped in 1985, largely due to a slowdown in floating-rate note and certificate of deposit business towards the end of the year.

Total assets slipped to SFr 4.3bn from SwFr 4.6bn in a marked reversal of the trend in 1984 which saw the balance sheet nearly treble from SwFr 1.78bn.

Once again the group has reported record earnings: net income rose to SwFr 188m from SwFr 140m. Shareholders equity is also up sharply to SwFr 634m from SwFr 485m.

Mr Jack Hennessey, executive board chairman, said the drop in balance sheet total reflected a smaller inventory of floating-rate notes and certificates of deposit. The business contracted partly because the continuing developing country debt crisis made some bank paper less marketable, and other funds they need to bolster their capital position.

Mr Hennessey said CSFB was still keen to boost its equity further. While it has a policy of not taking positions in individual issues, competition in the primary market means that to win mandates it sometimes has to be prepared to take large amounts of paper onto its books.

As a result, its total balance sheet fluctuates heavily from day to day and in 1985 it peaked temporarily at about twice the amount posted for December 31.

Last year CSFB led 113 syndicated securities issues in the Euromarket an increase of 37 per cent over the previous year, though earnings from its capital markets and investment banking operations grew by only 16 per cent to SF 125m as the primary market became more competitive.

Much steeper earnings growth came from investment management, up 43 per cent to SFr 37m, and from trading and sales, up 47 per cent to SFr 175m. The annual report says daily trading volume for the group averaged more than $2bn last year, almost double its 1984 level.

Mr Hennessy expects primary market business volume to increase this year, but "it is very difficult for anyone to maintain a market share of the proportions we have."

CSFB is also taking a conservative approach to the swap market and has not disclosed the volume of its swap business in 1985 which for the previous year totallled $11bn.

Financiere Credit Suisse-First Boston is paying a dividend of SFr 130 a share for 1985, up from SFr 110 for 1984.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices of February 13

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	104⅝	104⅞	+0⅛	+0⅛	9.45
Amex Credit 10⅞ 90	100	106	106½	+0⅛	+0½	9.02
Atlan. Richfield 10⅛ 00	250	100⅝	101⅛	+0⅛	−0½	10.09
Australia Com. 11 95	200	109⅝	110⅛	+0⅛	+0⅛	9.35
Australia Com. 11⅛ 00	100	111½	112	+0⅛	+1	9.49
BP Capital 11⅛ 92	150	106⅝	107⅛	+0⅛	[illegible]	9.55
Campbell Soup 10½ 95	100	107⅝	108	+0⅛	+0⅛	9.23
Canada 11½ 90	500	109⅛	109⅝	0	−0⅛	8.66
Canadian Pac. 10⅝ 93	100	104⅝	105⅛	+0⅛	+0⅛	9.76
Canadian Pac. 12½ 89	75	110⅛	110⅞	0	0	10.96
CEPME 10⅛ 91	100	104⅝	104⅞	+0½	+0⅛	9.07
Chevron USA 12⅛ 89	800	106⅝	106⅞	+0⅛	+0⅛	10.28
Citicorp 10 88	200	102⅝	102⅞	+0⅛	+0⅛	8.64
Citicorp 10⅛ 95	200	102⅝	102⅞	+0⅛	+0⅛	10.12
Coca Cola 11⅛ 91	100	107½	108	0	−0½	9.88
Denmark Kgdm. 11⅛ 88	100	105⅞	106⅜	+0⅛	+0⅛	8.94
Denmark Kgdm. 11½ 90	100	107⅝	108⅛	+0⅛	+0⅛	9.14
Denmark Kgdm. 11⅛ 92	100	108⅝	109⅛	+0⅛	+0⅛	9.41
EDF 10 95	225	102⅝	103⅛	+0⅛	+0⅛	9.49
EEC 9⅛ 90	350	102⅝	102⅞	+0⅛	+0⅛	8.90
EIB 10⅛ 94	200	104⅝	105⅛	+0⅛	+0⅛	9.39
EIB 12 95	200	114⅝	114⅞	+0⅛	+0⅛	9.53
Eli Lilly 10⅛ 92	150	106⅝	106⅞	+0⅛	+0⅛	8.87
Equit. Lrd. Rlty. 10⅛ 97	100	102⅝	103⅛	+0⅛	+1⅛	10.05
Export Dev. Cpn. 10 90	100	104	104½	+0⅛	0	8.76
Fed. Dep. Strs. 10⅛ 95	100	104	104⅛	+0⅛	+0⅛	9.41
Ford Motor Crd. 10⅛ 91	150	103⅞	104⅛	+0⅛	+0⅛	9.51
Ford Motor Crd. 11⅛ 90	100	105⅝	106⅛	0	−0⅛	9.54
Ford Motor Crd. 12 95	100	109½	110	+0⅛	+0⅛	10.29
Gen. El. Cred. 10½ 00	200	104	105⅛	+0⅛	+0⅛	9.88
GMAC 10⅛ 88	200	104⅝	104⅛	+0⅛	+0½	8.65
GMAC 10⅝ 92	250	103⅝	104⅛	+0⅛	+0⅛	9.40
IADB 9⅞ 95	200	102⅝	102⅞	+0⅛	+0⅛	9.48
IADB 10½ 95	150	106⅝	107	+0⅛	+0⅛	9.39
Kellogg Co. 10⅛ 90	100	105½	106	+0½	+0⅛	9.08
Kellogg Co. 11⅛ 92	100	107⅝	107⅞	+0⅛	+0⅛	9.50
LTCB 12⅞ 91	100	115	115½	+0⅛	+0⅛	9.28
Nippon Cr Bk. 10½ 95	150	105⅝	106⅛	+0⅛	+0⅛	9.57
Pillsbury Co. 10⅛ 95	100	102⅝	103⅛	+0⅛	+0⅛	9.88
Proct. & G. 'A' 9⅞ 92	150	102⅝	102⅞	+0⅛	+0⅛	9.34
Pru Realty 8. 12⅛ 95	546	112	112½	+0⅛	+0⅛	9.98
Qantas Airways 10⅛ 95	140	105⅝	106⅛	+0⅛	+0⅛	9.37
Quebec Hydro 11½ 92	100	108⅝	109⅛	+0⅛	+0⅛	9.64
Queensld. Gvt. 10⅛ 98	100	104⅛	104⅞	+0⅛	+0⅛	9.47
Ralston Purina 11⅛ 95	150	110⅛	110⅝	+0⅛	+0⅛	9.96
Saskatchewan 10⅛ 92	100	106⅝	107⅛	+0⅛	+0⅛	9.18
Saskatchewan 11⅞ 89	100	†109⅝	110⅛	+0⅛	+0⅛	8.85
Scandinavia Air 10⅛ 95	150	102⅝	102⅞	0	−0⅛	9.71
Statoil 10 90	170	103⅝	104⅛	+0⅛	+0⅛	8.85
S. Wales Trsy. 11⅛ 90	150	108⅝	109⅛	+0⅛	+0⅛	9.07
Swed. Exp. Cred. 10 92	100	104⅝	104⅞	+0⅛	+0⅛	9.05
Sw. Ex. Cr. 12⅛ 89 XW	100	108⅝	109⅛	+0⅛	+0⅛	9.51
Sweden 10⅛ 92	250	104⅝	105⅛	−0⅛	+0⅛	9.20
Sweden Kgdm. 10⅛ 90	200	106⅝	106⅞	+0⅛	+0⅛	8.82
Sweden Kgdm. 11⅛ 89	200	108⅝	108⅞	+0⅛	+0⅛	8.79
Sweden Kgdm. 11⅛ 94	100	110⅝	111⅛	+0⅛	+0⅛	9.80
Tenneco Cpn. 10⅛ 95	150	104⅞	105⅝	+0⅛	+0⅛	9.87
Utd. Tech. Fin. 10⅛ 95	100	105⅝	105⅞	+0⅛	+1	9.71
Victorian Rep. 11⅛ 92	150	109⅝	110	+0⅛	+0⅛	9.45
World Bank 10⅛ 95	200	105⅝	105⅞	+0⅛	+0⅛	9.23
World Bank 12⅞ 94	200	118⅝	119⅛	+0⅛	+0⅛	9.50

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	106⅝	107	0	−0⅛	6.93
Copenhagen 7⅞ 95	150	102⅝	103⅛	−0⅛	−0⅛	6.91
Credit National 8⅛ 94	200	106⅝	106⅞	+0⅛	+0⅛	6.70
Dow Chemical 8⅛ 95	300	102⅝	103	0	+0⅛	6.37
EIB 8⅞ 95	300	102⅝	102⅞	0	0	6.52
EIB 7⅛ 94	300	103⅝	104⅛	+0⅛	+0⅛	6.62
Emhart Cpn. 6⅛ 95	175	98⅝	98⅞	−3½	−3½	0.89
EACOM 9 92	150	98⅞	98⅞	+0⅛	+1⅛	6.75
[illegible]						

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅛ 90 A$	50	92⅝	93⅛	0	+0⅛	14.71
Creditanstalt 12⅞ 90 A$	50	97⅛	98⅛	−0⅛	−0⅛	13.36
Pepsico C. R. 13 90 A$	50	99⅝	100⅛	0	0	12.87
Swed. Ex. Cr. 13 88 A$	40	97⅝	98⅛	0	−0⅛	13.28
Amex 10⅛ 90 C$	50	101½	101⅝	+0⅛	−2⅛	10.31
Canad. Pac. 10⅛ 90 C$	75	101	101½	0	−0⅛	9.99
CIBC 10⅛ 90 C$	75	†100	100½	0	+0⅛	10.66
Genstar Fin. 11⅛ 95 C$	75	103⅝	104⅛	0	−0⅛	11.02
Montreal 11½ 95 C$	75	102⅝	102⅞	+0⅛	−0⅛	11.01
Ryl. Trustco 10⅛ 90 C$	75	97½	98	+0⅛	−0⅛	10.58
Sears Acc. 10⅛ 92 C$	75	†100⅛	100⅝	0	−0⅛	10.49
Coca-Cola F. 17 90 NS	75	104	105	0	+1⅛	15.45
Kredtbk. Lux 17 88 NS	70	99⅝	100⅛	0	+0⅛	16.91
Nordic I. Bk. 18 88 NS	50	98⅝	99⅛	0	−0⅛	16.32
Copnhgn. C. 9 95 Ecu	40	89	99⅛	0	+0½	9.10
Eutelsat 8 95 Ecu	60	99⅝	100⅛	0	0	9.01
Walt Disney 8⅞ 94 Ecu	63	99½	100⅛	0	e	8.79
Honda WW 3⅛ 90 Fl	100	105⅛	105⅝	0	+0⅛	2.48
Honda XW 3⅞ 90 Fl	100	90⅛	91⅛	−0⅛	0	6.44
Thyssen 7⅛ 90 Fl	50	102⅝	103⅛	0	−0⅛	0.49
Wereldhave 7⅛ 90 Fl	75	102⅝	103⅛	−0⅛	+0⅛	6.72
Wessanen 6⅛ 90 Fl	50	100⅝	101⅛	0	−0⅛	6.51
Remy Mrtn. 10⅞ 90 FFr	250	100⅝	101⅛	+0⅛	+0⅛	10.60
Amev 11 93 £	50	96½	97	0	+1⅛	11.69
Australia Com. 11 92 £	40	98	98½	+0⅛	+1½	11.41
EIB 11⅛ 93 £	60	100⅝	100⅞	−0⅛	+0½	11.02
GMAC UK F. 10⅛ 90 £	30	97⅝	98⅛	−1⅛	+0⅛	11.14
Imp. Ch. Ind. 11⅛ 95 £	75	97⅝	98⅛	−0⅛	+0⅞	11.58
Imp. Ch. Ind. 10⅛ 92 £	75	95⅝	96⅛	−0⅛	+0⅛	11.59
McDonalds 10⅞ 90 £	40	98⅞	98⅝	0	+1⅛	11.13
Mtsbshi. F. HK 11 90 £	60	98⅛	98⅞	−0⅛	+0⅞	11.40
NSW Treasy. 10⅛ 92 £	60	96½	98	−0⅛	+0⅛	11.53
Rank Xerox 11 92 £	40	96⅝	97⅛	0	+0⅛	11.70
Royal Ind. 10⅛ 92 £	60	94⅞	95⅛	0	+0⅛	11.84
J. Sainsbury 10⅛ 93 £	60	95⅞	96⅝	0	+0⅛	11.70
Tricentrol XW 11 92 £	35	85⅞	86⅝	−0⅛	−5⅛	14.40
Tsthse. Forte 11⅛ 90 £	50	97⅝	98⅛	e	+0⅛	11.79
World Bank 11⅛ 90 £	100	100⅝	100⅞	+0⅛	+0⅞	11.12
CEE 8⅞ 98 LFr	600	98⅝	99⅛	−0⅛	−0⅛	9.02
N. Lux. AL 10⅛ 92 LFr	600	103⅞	104⅛	0	+0⅛	8.63

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Abbey Natnl. 5 2000 £	0⅛	99.22	99.30	18/1	11⅛
Anglia Bldg. 0. 0 95 £	0⅛	99.62	99.68	14/4	11⅛
Bankers Trust 5 2000	0⅛	100.13	100.23	11/3	8.31
BFCE 5⅛ 99	0⅛	100.05	100.15	13/3	8⅛
BNP 0⅛ 96	0.05	101.22	101.32	10/1	8.69
BNP 0⅛ 98	0⅛	100.08	100.18	22/3	0⅛
Britannia 5 93 £	0⅛	99.61	99.67	8/4	11⅛
CCF 5⅛ 97	0	99.33	99.43	5/4	8.06
Citicorp 5 2005	0⅛	99.41	99.51	25/2	8.29
Citicorp 5 2035	0.225	98.81	98.91	27/1	8.23
Credit Lyonnais 5⅛ 98	0⅛	100.63	100.73	11/4	8⅛
Credit Lyonnais 5 2000	0⅛	100.12	100.22	10/1	7.94
EEC 5 90	0⅛	99.74	99.83	8/7	8.06
ENEL 5 2000	0⅛	99.85	99.96	1/3	8⅛
Ireland 5⅛ 97	0⅛	99.91	100.01	28/2	8.44
Lloyds Bank Perp.	0⅛	100.11	100.21	9/6	8⅛
Midland Bk. Perp. 5	0⅛	100.10	100.20	19/8	8⅛
NatWest Perp. A	§0⅛	100.15	100.25	9/7	8.31
NatWest Perp. B	§0⅛	100.11	100.21	10/2	8⅛
Prudential Cpn. 4 95 £	0.1	99.22	99.22	5/3	11.78
R. Bk. Scotland B Perp	0⅛	99.96	100.05	11/6	8.44
R. Bk. Scot. 5⅛ 2005 £	0⅛	99.17	99.27	4/2	11⅛
Societe Generale 5⅛ 97	0⅛	100.03	100.13	18/3	8⅛
United Kingdom 8 92	0	99.96	100.04	7/7	8.06
Woolwich 5 95 £	0⅛	99.45	99.51	19/2	11.69

Average price changes... On day +0.01 on wk. −0.02

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	146⅝	147⅛	+3½	6.23
Comcast 7 2000	12/85	22.87	†114⅝	115⅛	+1	18.09
Fanuc 3⅛ 98	1/84	7032	204⅝	206⅞	+5⅛	64.58
Fuji Hvy. Inds. 3 2000	8/85	675	96⅛	97⅛	+0⅛	−3.83
Fujitsu 3 99	5/84	1320	103⅝	104⅝	+0⅛	7.58
[illegible]						

* No information available—previous day's price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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£200m facility for Abbey National

By Peter Montagnon, Euromarkets Correspondent

THE Abbey National Building Society has launched a £200m, five-year revolving credit facility in the Euromarkets, believed to be the largest such deal by a British building society to date.

The mandate for the deal, which will carry an interest margin of ⅛ per cent over London interbank offered rates, has gone to Mitsui Bank, confirming the aggressive stance now being taken by Japanese institutions over business in Britain.

Mr Clive James, Abbey National assistant general manager, said yesterday the facility had been "structured to lengthen the term of the Abbey's liabilities and broaden the society's involvement in the wholesale funding markets."

The deal is Abbey's second major borrowing in the Euromarkets. It has already arranged a £250m floating-rate note of which £100m is being held as a tap stock.

This time, the terms available in the credit market were better than those available on floating-rate notes, Mr James said.

The credit will be transferable, which means it can be sold on in the secondary market. It will also become a revolving deal after one year. Bankers said Abbey will pay no commitment fee at all if it is more than 50 per cent drawn and a commitment fee of 1/16 per cent if lesser amounts are drawn.

Mitsui Bank will be agent on the deal. Other underwriters are Credit Lyonnais, Deutsche Bank, Lloyds Merchant Bank and Mitsubishi Bank.

Bankers said that both the margin and the commitment fee structure on the credit were very fine, although they reflect the fact that foreign banks continue to be hungry for sterling assets. Building societies are relative newcomers to the market, which gives them rarity value.

Abbey National, which intends to draw the credit fully within 18 months, has also taken the precaution of ensuring that the deal is fully underwritten before unveiling the mandate.

Liffe ahead of schedule

By Our Euromarkets staff

THE LONDON International Financial Futures Exchange (Liffe) has set March 13 as the start-up date for options on both its US Treasury bond and long gilt futures contracts, thus completing its first-half 1986 programme of new contracts slightly ahead of schedule.

Both are similar to the successful options on Treasury bond futures traded on the Chicago Board of Trade. Liffe launched options on D-Mark futures last month to add to its sterling and Eurodollar options introduced last year.

DOMESTIC BOND MARKETS

Concern over yen's rise

YEN BONDS were sold in Tokyo yesterday, reflecting investor concern over the yen's rapid rise against the US dollar. Institutional investers remained on the sidelines, writes Shigeo Nishiwaki of Jiji Press.

The yield on the bellwether 6.2 per cent government bond due in July 1995 rose from 5.585 per cent to 5.620 per cent.

Firmer bias in Frankfurt

IN FRANKFURT bonds ended moderately active bourse trading mixed but with a firmer bias, as foreign and domestic investors opened fresh positions.

The long end saw gains of between 20 pfennigs and losses of 10 pfennigs. Short maturities rose or dropped by around 5 pfennigs.

The Bundesbank sold DM 110.4m of domestic paper after selling DM 3.7m on Wednesday.

Second offer of French T-bills

The French Treasury will offer for tender next Tuesday FFr 5bn of negotiable Treasury bills.

The tender, the second under the new regular Treasury bill calendar announced last month, will be of FFr 2.5bn each of 13- and 26-week fixed-rate bills. At the first tender last week, the Bank of France sold a total of FFr 6.47bn of 13-, 26- and 52-week negotiable T-bills on an initial offer of FFr 2bn per category. Demand totalled FFr 15.39bn.

Canton of Zurich

The Canton of Zurich is issuing a Swiss franc maximum 12-year domestic bond of around SFr 150m with a 4½ per cent coupon. Lead manager is Zurich Cantonal Bank. The issue price will be fixed by auction. The bond will be on sale until February 26.

Agencies

Five Eurodollar straights issued

BY ALEXANDER NICOLL

FIVE DOLLAR straight Eurobonds totalling just over $600m were launched yesterday as the market took advantage of overnight advances in the US credit markets, which were extended yesterday on news of weaker than expected US retail sales figures.

Credit Suisse First Boston stirred up some controversy early in the day when it raised the price for a $100m issue for Colgate-Palmolive to 100½ per cent from the 100⅛ initially circulated to potential co-managers. The original terms, with a 9⅛ per cent coupon and a 10-year life, gave a 65 basis point spread over US Treasuries, and the later terms gave a 61 point spread.

Such a move is unusual, though by no means unprecedented. Some issue managers were furious, though no banks took up CSFB's offer to buy back the bonds they had committed to buy.

Mr Joan Beck, a CSFB executive director, argued that the enthusiastic response to the original terms, including two particularly large orders, meant that "I owed it to the borrower to make a small adjustment. It's not something that we want to make a habit of."

Some co-managers were unruffled, saying they could still expect to make a handsome profit even on the adjusted terms. But one banker commented wryly that "they don't lower the prices when they go badly, do they?"

Also meeting a strong response, particularly from the Far East, was a $102m 20-year issue for Austria, understood to be intended for a swap with a SFr 200m fixed-rate issue expected shortly from Goodyear Tire and Rubber.

S. G. Warburg is bookrunner for the 9⅛ per cent issue, priced at 100⅛. It said a bulge in the US Treasury yield curve, with 20-year paper yielding more than both 10 and 30-year, enabled the borrower to obtain a low 22 basis point spread over Treasuries at launch. The market liked the rare 20-year issue and it traded well within its fees.

The manager also argued that investors were currently looking for more volatile issues for trading purposes, though it acknowledged that the size of the issue would limit the extent to which it would be actively traded.

Viewed as more aggressively priced were a $150m deal for Unilever Capital Corp and a $100m issue for Sterling Drug, both launched at no spread over Treasuries. Morgan Guaranty led Unilever's 12-year 8⅞ per cent, par-priced deal, while Morgan Stanley International brought Sterling's 10-year, 8¾ per cent issue priced at 100⅜ per cent.

Managers quoted the two issues at the fees, though prices outside were seen during the day, particularly for Unilever.

Cautious response

Ireland made its first fixed-rate dollar issue since 1981. Though sovereign issuers are currently seen as more acceptable in the market, it met a somewhat cautious response when launched by CSFB. The $150m 10-year non-callable deal has a 9⅛ per cent coupon and 100½ price, giving a spread of 57 basis points over US Treasuries.

Generale Occidentale, the diversified retailing, food and manufacturing group headed by Sir James Goldsmith, is making a novel issue in which the investor has the additional flexibility of being able to treat it either as a convertible or as a bond with equity warrants. It was well received.

Led by Banque Paribas Capital Markets, the $80m issue is for seven years, with par pricing and a coupon expected to be 6½ or 6⅞ per cent, with an exercise premium of about 10 per cent above the closing Paris share price next Monday. It is callable after one year. Each $1,000 bond entitles the buyer to a five-year warrant which may be exercised either in cash, thus holding on to the bond, or through surrender of the bond at par.

Fairmont Financial, a US insurance company, is making a $20m 15-year convertible issue with an expected 7 to 7½ per cent coupon, 16 to 20 per cent conversion premium, led by Kidder Peabody.

General Motors Acceptance Corp's UK financing subsidiary reopened the fixed-rate Eurosterling bond market, closed since the beginning of the year amid Britain's exchange rate, oil price and political uncertainties.

The £50m five-year issue was priced by Hambros Bank at 100⅜ per cent with an 11 per cent coupon, to yield 31 basis points below the equivalent UK gilt-edged. The manager said retail demand has begun to re-emerge in this market after the period of interest rate uncertainty, particularly for US corporate names, but the market viewed the pricing as fairly tight. Though some corporate names are quoted well below this spread in the secondary market, many are not very actively traded, some bankers said.

In the Australian dollar market, Lloyds Merchant Bank launched an A$50m issue for the group's Australasian unit, Lloyds Bank NZA, to fund its business there. The three-year bond has a 14⅜ per cent coupon and is priced at 100⅜ per cent. Later in the day, Morgan Stanley brought on A$65m five-year issue for Norsk Hydro, with a 14 per cent coupon and 101 price.

Coupon cuts

Swedegas, with a state guarantee via the Swedish power authority, is making a SKr 200m Eurobond issue led by Svenska International. The five-year non-callable issue has a 9⅜ per cent coupon with a 100½ price, and was well received.

In Switzerland a Dutch financing subsidiary of British Petroleum launched a SFr 99m issue led by Union Bank of Switzerland, with the proceeds being swapped into dollars. It has a 4⅜ per cent coupon, seven-year life and 100½ price.

Mitsui Bank's Swiss franc and dollar convertibles were both priced with coupon cuts. The $100m issue was assigned a 2⅛ per cent coupon, down from 2¼, and 4.51 per cent conversion premium, and the SFr 100m deal has a 1⅞ per cent coupon, down from 2, with the same premium.

Two other borrowers also enjoyed coupon cuts, with that for Thomson Brandt's SFr 100m deal falling from 4¾ per cent to 4½, and for Toko's SFr 70m issue from 2½ to 2¼.

Elsewhere, the Swiss market was unchanged to slightly higher, while in West Germany prices generally edged higher, though a lower equity market depressed sentiment.

Christiania Bank launches 'bull' floater

BY OUR EUROMARKETS STAFF

CHRISTIANIA BANK reversed the usual logic of a floating-rate note issue yesterday when it launched a new type of floater with an interest rate that goes up when other rates are falling and vice versa. Merrill Lynch led the $100m five-year issue dubbing it a "bull" floater because it is attractive to those who expect rates to fall. The borrower ends up with normal floating-rate funds at a cost below Libor through a series of swaps.

A similar $250m five-year deal called a yield curve note, was launched in the New York market this week for Student Loan Marketing Association (Sallie Mae), by Morgan Stanley, and was followed by a seven-year $150m issue for the same borrower yesterday.

The idea had both supporters and opponents. It is clearly an attractive instrument at times when interest rates are falling giving investors a geared play. The coupon is set half-yearly by subtracting London interbank offered rate (Libor) from 17¼ per cent. The first coupon was set at 9 per cent, around a point above the rate that a normal floater would currently pay. If Libor falls, the floater's coupon will rise.

However, if interest rates start to rise, then a holder could find it difficult to sell the bonds even at a big discount. Some investors may be prepared to accept that risk, particularly as the issue has a relatively short life.

The issue may not prove liquid and it was not trading actively yesterday, although the first Sallie Mae issue met such good demand it was increased in size. Bankers expected it to appeal to more speculative investors or to certain specialist investors who want a volatile instrument but are not permitted to hold long-dated stocks.

Floating-rate note investors could also buy it to hedge their existing portfolios or could buy a standard floater with the same coupon dates and so produce a synthetic fixed-rate issue.

All these securities having been sold, this announcement appears as a matter of record only.

New Issue *February, 1986*

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(Tateho Kagaku Kogyo Kabushiki Kaisha)

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$500,000,000

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February 6, 1986

All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE — February 1986

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SOCIÉTÉ EUROPÉENNE POUR LE FINANCEMENT DE MATÉRIEL FERROVIAIRE

Japanese Yen 20,000,000,000

6⅝ per cent. Bonds due 1993

ISSUE PRICE 101¼ PER CENT.

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INTL. COMPANIES & FINANCE

Foreign banks thrive in Pakistan

BY MOHAMMAD AFTAB IN ISLAMABAD

FOREIGN BANKS in Pakistan have show better results under their oewly adopted interest-free banking system, compared with their local counterparts for the second half of last year.

The foreign banks were asked to change the interest-based to interest-free banking from last July, as part of Pakistan's move to run the economy oo Islamic principles. The Pakistani banks have been operating the systems simultaneously since 1981.

Under the interest-free system depositors are allowed a sbare in the profit of the business but no rate is announced beforehand as that is forbidden in Islam.

The first six mooths, for which the results have just been computed, show that foreign banks offered 8 per cent to 12 per cent annual profits distribution oo savings accounts over the period.

Compared with this, the five Pakistani nationalised banks, in spite of their longer experience in the country, have declared profit distributions ranging from 7 per cent to 7.8 per cent for the same half-year. It was also a shade lower than their own performance and profit for the first six mooths of 1985, when distributions were 7.5 per ceot to 8.8 per cent.

Among the foreign institutions, Middle East Baok declared the highest rate of 12 per cent. It was followed by Banque Indo-Suez with 11.2 per ceot and Bank of Oman 9.9 per cent, while Hongkong and Shanghai Bank, European Asian Bank and Bank of Tokyo all declared 9.4 per cent profit distribution. The BCCI is offering 9.3 per cent, Chartered 8.4 per cent, Bank of America 8.3 per cent and Citibank 8 per cent. Grindlays has still not declared its profit rate.

While the foreign banks have posted 10.2 to 16.3 per cent profits on one-year term deposits, the Pakistani banks came up with 9.5 per cent to 10.5 per cent. Current accounts attract no distribution.

Bankers said the foreign banks are better managed, their overheads are lower, and they enjoy more than 30 per cent of the country's lucrative foreign trada business. They have a total of 52 branches io Pakistan, which have 10 per cent of all deposits.

The Pakistani banks, on the other hand, have poor productivity and excessive overheads and staffing. They also have to operate more tban 6,650 branches, a number in remote villages with very little business. "We have to operate these village branches as a public service," says Mr M. K. Kahn, chairman of the Pakistan Banking Council, which supervises the nationalised banks.

He added that concessionary loane and public services in various forms costs the nationalised banks an annual Prs 600m ($37.5m), which eats into the distributable profit.

The oationalised banks had interest-free banking deposits of Prs 34.2bn at June 30, 1985, and Prs 1.74bn as distributable profit. After the entire system was shifted to an Islamic basis in July, the deposits rose 135 per cent to etand at Prs 80.5bn by December 31. These deposits earoed a total profit of Prs 3.151bn, which meant a lowering of the profit distribution rate to 7.8 per cent.

Bleaker forecast from Fujitsu

BY YOKO SHIBATA IN TOKYO

FUJITSU, the leading Japanese maker of computers and semiconductors, yesterday forecast a 57.5 per cent plunge in pretax profits to around Y50bn ($268m) in the year to March.

This represents a sharp downward revision of its previous £72bn earnings estimated, and has been necessitated by the collapse in world semiconductor prices as well as the yen's steep appreciation against the dollar.

Fujitsu's computer and dsta processing sector has fared well, However, semiconductor market prices have plummeted to between a sixth and a ninth of previous levels prevailing for 64 kilobit and 256K chips, in a recession which has been more prolonged than expected.

In addition, Fujitsu faces e large exchange loss in the second half because of its relatively low ratio of forward exchange contracts, at around 20 per cent of export values compared with abont 50 per cent for other chip makers. If the exchange rate remains at around Y185 to the dollar, a foreign exchange loss of about Y5bn could accrue.

Exports overall are estimated to fall by Y10m in the current half-year, reflecting stagnant shipments of communications equipment to China and the US.

Fujitsu's pre-tax profits are expected to be surpassed by those of Fanuc, in which Fujitsu has a 42.2 per cent stake and which is projecting full-year pre-tax profits of Y60bn.

Fujitsu's full-year sales are projected at Y1,460bn, down about £100bn from the initial forecast but above the Y1,292bn achieved the previous year.

For the year which starts in April, Fujitsu expects a recovery in pre-tax profits to Y70bn on sales of Y1,700bn.

Hooker stays on target with jump of 49%

By Lachlan Drummons in Sydney

HOOKER CORPORATION, the Australian housing and property group, achieved a 49 per cent increase in net earnings to A$26m (US$17.8m) for the half-year to December, fulfilling the forecast made last year as it unsuccessfully fought a partial takeover.

Mr George Herscu, the new controlling shareholder, who paid almost A$200m for a 44 per cent stake late last year, said yesterday it was expected that the full-year profit of A$50m—up from A$34.8m—forecast by the previous board would be attained.

Hooker's growing US housing interests were a major factor in the interim profit increase. The US operation sold 684 homes in the half-year, up 88 per cent, while the Australian division sales fell from 628 to 540 homes. Overall the housing group's return was up 51 per cent to A$8.7m before taking account of unapportioned overheads and interest.

The retail, commercial and industrial projects division was another top performer with an increase from A$7m to A$13.9m before group overheads and interest. The total real estate operations were up 23 per cent on this measure to A$42m.

Diversified activities, including retailing and share trading produced gross profits of A$14.6m, up 53 per cent.

Total group turnover was ahead 26 per cent to A$338m while pre-tax profits were 38 per cent higher at A$35m.

The dividend is increased from an adjusted 5 cents to 6 cents on bonus-increased capital, paid from earnings per share of 14.4 cents against 10.8 cents.

Anglo-Alpha hit by sharp increase in finance costs

REDUCED ACTIVITY in the building and construction industries led to a fall in volume sales of cement and stone last year by Anglo-Alpha, South Africa's third largest cement company, writes Jim Jones in Johannesbnrg.

Nevertheless, turnover increased by 5.6 per cent to R326.4m ($153.2m), assisted by increased sales in the company's industrial division and higher cement prices.

Even so pre-tax profits plunged to R44.7m from R78.3m as financing costs almost quadrupled to R39.4m from R10.2m as the interest charge on a R300m Ulco plant expansion was taken to account.

Earnings dropped to 123.8 cents a share from 144.5 ceots.

Industry surveys indicate that lower interest rates and economic recovery will lead to an increase in construction industry activity but the directors give no forecast.

BTR South Africa upset by recession and disputes

BY JIM JONES IN JOHANNESBURG

A DEEPENING recession and severe labour relations problems combined sharply to reduce sales and profits of BTR South Africa, the local offshoot of BTR of the UK, in the year to December 27.

Sales fell by almost a fifth to R96.8m ($45.5m) from R120.6m and profits before interest and tax was 36 per cent lower at R11m.

The directors say that recession, high inflation, a deteriorating foreign exchange rate for the rand and high interest rates combined to curb sales and profits. Sales were also affected by a boycott organised by union's involved in a protracted industrial dispute at BTR's Sarmcol plant.

A new workforce was recruited and trained, the cost of which sharply affected the first half's trading performance. This diminished as the year progressed and the directors say that productive output had been restored to normal levels by the year'e end.

Net earnings fell to 40.6 cents a share from 55.1 cents and the total dividend has been cut to 27 cents from 35 cents.

Dunlop South Africa, which is merging with BTR in line with the takeover of its parent, increased its turnover to R224.6m in 1985 from R216.9m. Its trading profits rose to R28.3m from R27.2m.

Dunlop SA has been affected by the downturn in the motor industry and, to an extent, by reduced consumer spending. Its earnings were 100 cents a share against 96 cents and the dividend has been maintained at 75 cents.

BTR is 62 per cent owned and Dunlop 51 per cent owned by the respective British groups. The merger of the two South African companies will be made retrospective to January 1 and, in contrast to the UK position, the Dunlop name will survive.

Exchange rate boost for Gefco and Msauli profits

BY OUR JOHANNESBURG CORRESPONDENT

GRIQUALAND EXPLORATION (Gefco) and Msauli, South Africa's two quoted asbestos mining companies, increased profits sharply in 1985 largely because of the fall in the rand's external value.

Gefco ,which produces crocidolite or blue asbestos at a number of small mines in the Northern Cape, suffered from lower sales volumes prompted partly by health fears. Production was reduced by 15 per cent to an undisclosed level, but turnover in money terms increased to R137.2m from R118.5m. Pretax profits rose to R25.7m ($12.1m) from R14.4m.

Although world oversupply of asbestos led to lower dollar prices, the rand's decline helped raise Msauli's turnover to R32.2m from R22.3m. A pre-tax profit of R5.52m was earned against a loss of R0.55m in 1984. Earnings this time were 85.5 cents a share but again no dividend has been declared.

Austral Enterprises plans large purchases of land

BY WONG SULONG IN KUALA LUMPUR

AUSTRAL ENTERPRISES, the 58 per cent plantation subsidiary of Island and Peninsular (IandP), the Malaysian property group, is embarking on acquisitions that will substantially increase its acreage.

Currently, Austral has nearly 20,000 acres of estates, mainly under oil palm. The planned acquisitions will boost its area to over 76,000 acres.

Austral has told the Kuala Lumpur Stock Exchange that Malaysian authorities have recently agreed to its takeover of Koh Foh Estate, belonging to IandP, as well as agricultural lands in Pahang and Kedah states for 85m ringgit ($34.6m).

The addition of these lands, because of their proximity to Austral's estates, will result in economies of scale.

Austral also announced that Wangsa Hujur, a 75 per cent owned subsidiary, has been allocated a tract of lands, covering nearly 30,000 acres by the Sarawak State Government

The Toronto Dominion Bank

U.S. $100,000,000

Floating Rate Debentures February 1992

For the six months 14th February 1986 to 14th August 1986 the Debentures will carry an interest rate of 8¼% per annum.

The relevant interest payment date will be 14th August 1986 and the amount of interest payable on each coupon will be U.S. $414.79.

Agent Bank

Midland Bank plc

NOTICE OF INTEREST PAYMENT

SANDVIK AKTIEBOLAG

8¼% CONVERTIBLE BONDS 1977/1988

COUPON DUE 15TH MARCH 1986

Notice is hereby given to the Coupon holders of the above mentioned issue that Coupon No. 9 will be payable on 15th March 1986 in US$82.50 or DM141.26 subject to the terms and conditions endorsed on the Bond to which the Coupon appertains.

For SANDVIK AKTIEBOLAG

BANK OF AMERICA INTERNATIONAL S.A. LUXEMBOURG

Principal Paying Agent

U.S. $200,000,000

First Chicago Corporation

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 8.125% per annum. The Coupon Amount payable on the 19th May, 1986 will be U.S.$ 204.06.

Manufacturers Hanover Limited

Agent Bank

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices Wmt BID (%)	Wmt OFFER (%)	Share Price (Yen)	Offer Calculations Premium (%)	Gearing	Parity (%)
AICA KOGYO 17/8/90	29.50	31.00	730	19.81	4.35	4.30
AJINOMOTO 3/12/90	30.50	32.00	1,190	22.50	3.66	5.62
CASIO COMPUTERS 6/3/89	53.50	55.00	1,700	5.02	3.15	46.27
C ITOH (NEW) 4/5/89	41.50	43.00	425	7.78	3.60	30.96
C ITOH (OLD) 20/1/87	63.00	67.00	425	23.87	2.30	30.49
DOWA MINING 20/7/90	16.50	18.00	546	59.61	5.18	−37.55
FUJIKURA CABLE (Old) 26/4/89	30.00	31.50	382	27.25	3.86	−1.59
FUJIKURA CABLE (New) 27/2/91	30.00	31.50	382	28.08	3.37	1.67
FUJITSU 20/2/91	22.50	24.00	999	36.32	8.92	−10.17
GUNZE LTD 23/11/90	29.00	30.50	635	26.86	3.84	0.70
HAZAMA GUMI 1/11/89	17.00	18.50	396	34.97	5.14	−21.24
JAPAN SYN RUBBER 28/4/89	31.50	33.00	450	25.07	3.79	1.67
JUSCO 22/12/88	138.00	142.00	1,100	8.16	1.78	121.38
KAYABA INDUSTRIES 15/2/89	38.50	40.00	322	12.94	3.73	20.70
KOBE STEEL 30/1/91	23.50	25.00	183	21.84	4.47	0.61
KOKUSAI KOGYO 19/9/90	44.00	45.50	2,330	10.79	8.54	28.10
KOMORI PRINTING 20/12/89	48.00	49.50	2,230	25.44	2.87	12.09
MARUBENI 30/9/92	15.50	21.00	311	42.70	5.12	−24.87
MARUZEN 12/2/90	36.50	40.00	601	13.36	4.02	18.50
MINEBEA (S) 20/2/89	63.00	66.00	723	61.11	1.79	−6.40
MIT CHEMICAL 20/1/87	98.00*	102.00	520	12.30	1.96	77.38
MIT CORPORATION 7/11/88	37.50	39.00	595	8.65	8.92	24.40
MIT ESTATES 16/10/92	41.00	42.50	1,120	33.70	2.85	1.73
MIT GAS & CHEM 20/3/89	41.50	43.00	392	12.34	3.43	24.82
MIT HEAVY & IND 20/2/91	21.50	23.00	355	29.50	4.34	−5.47
MIT METAL (Old) 10/2/89	91.00	95.00	560	45.28	1.61	25.55
MIT METAL (New) 10/11/89	17.50	*19.00	560	43.01	5.56	−28.37
MITSUI E/SHIP (New) 15/10/88	14.00	16.50	140	34.88	6.88	−21.26
MITSUI E/SHIP (Old) 10/12/87	20.50	22.50	140	20.56	5.89	−4.73
MITSUI PETROCHEM 15/2/90	75.50	77.00	885	0.01	2.85	78.97
NIPPON MINING (Old) 17/3/89	98.00*	102.00	381	38.32	1.59	39.89
NIPPON MINING (New) 15/6/90	17.00	15.50	381	42.18	5.91	−27.53
NIPPON YUSEN K K 18/10/90	17.50	19.00	295	43.15	6.06	−22.49
NISSHO IWAI 1/2/89	22.50	24.00	273	21.76	5.20	−3.20
NOMURA SECURITIES 31/10/88	87.50	89.00	1,140	4.28	2.33	80.13
OHBAYASHI GUMI 6/4/89	69.00	70.00	376	1.91	2.70	66.40
OMRON TATEISHI 31/3/89	17.50	18.00	1,470	76.90	4.16	−43.32
ONODA CEMENT 26/2/90	23.50	26.00	320	29.68	5.16	−13.51
OPTEC DAI-ICHI 23/2/90	37.00	38.50	674	24.26	8.78	3.24
OSAKA TRANSFORMER 29/1/90	41.50	*43.00	540	24.41	3.40	7.31
RENOWN 24/1/89	22.50	24.00	780	23.52	6.12	−4.92
RICOH 20/9/90	34.00	35.50	973	16.09	4.10	12.10
RYOBI LTD 25/6/90	32.00	33.50	415	24.83	4.07	−0.33
SEINO TRANSPORT 17/3/89	44.50	46.00	1,480	7.70	3.38	34.04
SEIYU STORES 20/3/87	92.00	96.00	1,010	8.42	2.12	76.62
SEKISUI CHEMICAL 20/9/90	62.00	63.50	608	25.07	2.48	24.06
SONY CORPORATION 26/4/90	24.50	26.00	3,560	48.98	4.27	−28.34
SUMI CONSTRUCTION 24/3/89	64.00	69.00	298	2.30	2.74	64.86
SUMI CORPORATION 24/1/91	24.00	25.50	746	29.89	4.12	−5.92
SUMI HEAVY 24/2/89	22.00	23.50	210	24.58	5.17	−8.38
SUMI REALTY (Old) 21/11/89	154.00	158.50	1,150	−2.26	1.91	162.19
SUMI REALTY (New) 13/12/90	39.50	41.00	1,180	20.06	2.09	15.55
TATEHO CHEMICAL 16/1/91	41.50	43.00	2,810	32.63	2.70	5.12
TOKYO ELECTRIC 14/3/89	22.50	24.00	1,210	37.44	4.80	−17.33
TOKYO SANYO 8/6/87	162.00	166.00	868	73.43	1.04	39.40
TOKYU CORP (Old) 29/1/90	118.50	121.00	615	−0.99	2.17	123.60
TOKYU CORP (New) 29/10/90	34.00	35.50	615	29.30	3.36	0.68
TOKYU DEPT STORES 20/7/90	48.50	50.00	630	9.38	3.41	34.06
TORAY INDS (Old) 5/3/87	28.00	29.50	500	16.73	4.80	14.29
TORAY INDS (New) 10/12/90	23.00	24.50	500	30.04	4.33	−6.83
TOYO ENGINEERING 28/2/89	52.00	57.00	740	31.59	2.46	12.89
YAMAMURA GLASS 8/8/90	17.50	18.00	441	32.14	8.18	−15.70
YAMATO KOGYO 29/1/90	36.50	38.00	649	21.37	3.86	6.78
MINEBEA (E) 15/3/90	48.00	51.00	723	42.24	2.00	5.91

Reuters Monitor DABF/G/H/I/J/K/L - Further information from: Freddy Glock or Beverly Kelly on 01-236 6060 Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

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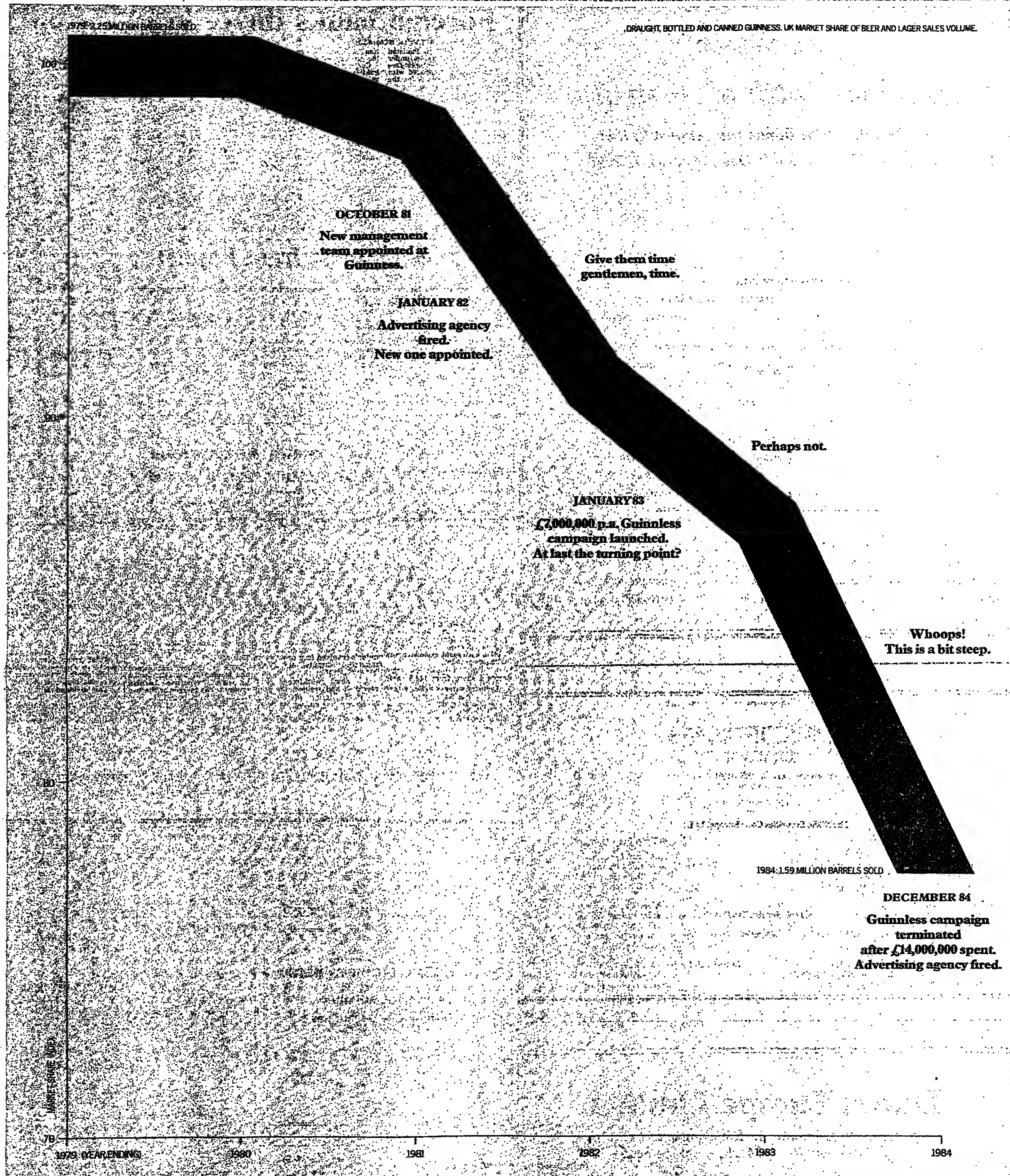

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After all this, no wonder Guinness management need a few Scotches.

Argyll. We can revive Distillers' spirits.

THE PROPERTY MARKET BY MICHAEL CASSELL

Retail yields rise as buyers rethink

THE CLEAREST indication yet that the investment bubble in the prime, retail property market may finally have burst is revealed today in figures which show that top shop yields have risen sharply.

The rush into prime retail investments, which forced yields down to 3.5 per cent or below and left observers wondering just how much longer shops should buck the trend, appears to be over. Investors are increasingly switching their attention to retail markets with more mileage left in them and prime values in traditionally popular locations are starting to suffer as a result.

The latest Hillier Parker-Investors Chronicle calculations show that prime retail yields have moved out to 4 per cent against 3.5 per cent last August —"one hell of a loss in value" according to Rod Grant at Hillier Park, who says the trend is far from over.

"We are not in the business of starting any scare stories but the fundamental shift in retail investment patterns which we have been expecting for the last six months or more has arrived. Sentiment among investors is swinging heavily away from the major city locations towards smaller population centres with lower rental levels."

Grant believes there is more to come: "Over the next year, we expect to see prime yields reaching 4.5 per cent and higher, with returns from previously less popular towns standing at 5 per cent or lower. The gap between the two alternatives could almost disappear and 1986 should reveal just how much further this change has to go."

Hillier Parker's figures show that, with the days of the sub-4 per cent yield coming to an end, higher yields are working through everywhere, with the possible exception of central London. The increase has filtered through into average shop yields, which now stand just above the 5 per cent mark for the first time since 1982 and at their highest level since 1978.

Grant says that the change in sentiment means investors are keen to spend in cathedral and university towns with a strong tourist appeal and in lower rented market towns. There is population growth, high per capita income and increasing penetration by the multiple traders. With Zone A rents running between £15-£20 a sq ft in small market towns, growth prospects look good.

In contrast, he believes, major cities are seeing a population decline, top rental values are already £100 a sq ft-plus and investors are becoming increasingly nervous about the prospects for continuing high spending.

Salomon and the shape of things to come

"MOST people are at their desks by eight and, once they are at their desks, they don't leave before six at the earliest. There are no long lunches in this organisation, so the immediate surroundings are not all-important."

Charles McVeigh, managing director of Salomon Brothers, this week held court at Victoria Plaza, the glass-clad office building alongside London's Victoria Plaza which is to be the investment bank's UK base.

The news that such a major player in the financial services industry is moving out of Angel Court in the City to the other side of the tracks has raised eyebrows all round the Square Mile but it may well be a sign of things to come.

In a decision which overturns all the old theories about the need for the financial community to remain nestled comfortably and conveniently around the Old Lady, Salomon is heading for Victoria, from where it plans to pursue its ambition of becoming the predominant international investment banking house.

Its new Victoria complex, developed by Greycoat London, is to be the flagship of its international activities and Mr McVeigh shows no outward signs of having made a decision he is going to regret.

He is clear why Salomon chose Victoria: "We had no alternative. Canary Wharf is still some way off and there was no space available in or out of the City for what we needed. But we are totally confident that our business will be conducted extremely well from here."

McVeigh adds: "We are establishing the prototype of the post Big-Bang corporate structure and, to do that, we need the right premises. The Bank of England was sympathetic to our need to have the type of accommodation which will enable us to function properly. I expect others will follow suite."

Salomon is leasing 158,000 sq ft of floorspace at £19.50 a sq ft and will initially occupy around 90,000 sq ft, expanding into the remaining accommodation over the next five years. By filling in one of the Plaza's atria, the bank will—at an unspecified cost — be creating a 13,000 sq ft trading room at the heart of a 55,000 sq ft, one-level dealing area.

The trading room, similar to but larger than the famous "Room" in Salomon's New York headquarters, will be the largest of its kind in Europe, at least for the time being. At present, the bank employs around 300 people in London but this could well double in five years as it takes advantage of financial deregulation and the integration of worldwide capital markets.

Victoria's newest tenant is keeping open at least one option, however. The space occupied by its dealing area is subject to a break clause agreement operational for three years from 1989. By then, not only Salomon's requirements but prospects for the new look, international financial community should be a lot clearer.

Enterprise Zones "damage nearby rental values"

RATING authorities around the country should be taking note of a lands tribunal decision in Swansea which has ruled that rates on industrial property close to the City's enterprise zone should be cut by up to 20 per cent.

The case was brought by J. R. Eve, the chartered surveyors, acting for a company occupying a 250,000 sq ft factory located outside the lower Swansea valley enterprise zone. They claimed that the zone was having a detrimental effect on nearby rental values and won the day.

The surveyors were able to show that the benefits which enticed companies to move to enterprise zones — including exemption from general rates and simplified planning procedures—had hit rents in the vicinity.

The decision could affect the rates bill for anything up to 2,500 businesses located near the zone and Mr John Butler, the City treasurer, is on record as saying that if they "all jumped on the bandwagon," then the eventual cost to the council could be over £10m.

The Swansea case is proceeding to the Court of Appeal and if the ratepayers win, any reduction will be backdated to the rate year in which the rating proposal was served.

● Standard Securities and London and Paris properties have, within days of acquiring the head leasehold interest in 3, Copthall Avenue, City, let the building to Laing and Cruickshank, the stockbrokers. Rent for a three-year lease on the 17,500 sq ft property is £465,000 a year. Jones Lang Wootton and Henry Davies acted for the owners and Weatherall Green and Smith represented the tenant.

● Cadbury Schweppes Pension Fund has sold its head leasehold interest in phase II of the Edmonton Green Shopping Centre in north London for £1.7m to Hampton Trust. Strutt & Parker and Browett Taylor advised the vendors and David Lewis acted for Hampton.

● Hardanger Properties has started work on its £22m Pride Hill shopping centre in Shrewsbury. Funded by Royal Life, the project is due for completion in late 1987 and will comprise 25 shops and a 22,000 sq ft store to be occupied by C & A.

London & Edinburgh in US bond issue

INVESTORS with $5,000 to spare, an eye on US real estate and a penchant for privacy might want to take a look at what is on offer from International Mortgage Interests, a Guernsey-based investment vehicle just set up and wholly-owned by none other than London & Edinburgh Trust.

LET, one of the UK property sector's successful players and with a market capitalisation of around £100m, has established IMI to provide investors with a new and tax efficient alternative to direct property investment in the US.

IMI's mortgage-related bearer bonds will be listed on the Luxembourg Stock Exchange, are designed to mature in 15 years and will provide complete anonymity for the holder. Funds raised by the bond issue will be invested, via a Dutch-registered subsidiary, in participating mortgages secured on commercial properties selected by Landauer Advisors, the New York real estate specialists.

IMI will make mortgage loans — usually ranging from $3m to $7m a time — at a fixed interest rate below prevailing US market rates and, in return, each borrower will hand over a pre-determined share of the increases in net rental income and capital value of each property over the life of the mortgage loan.

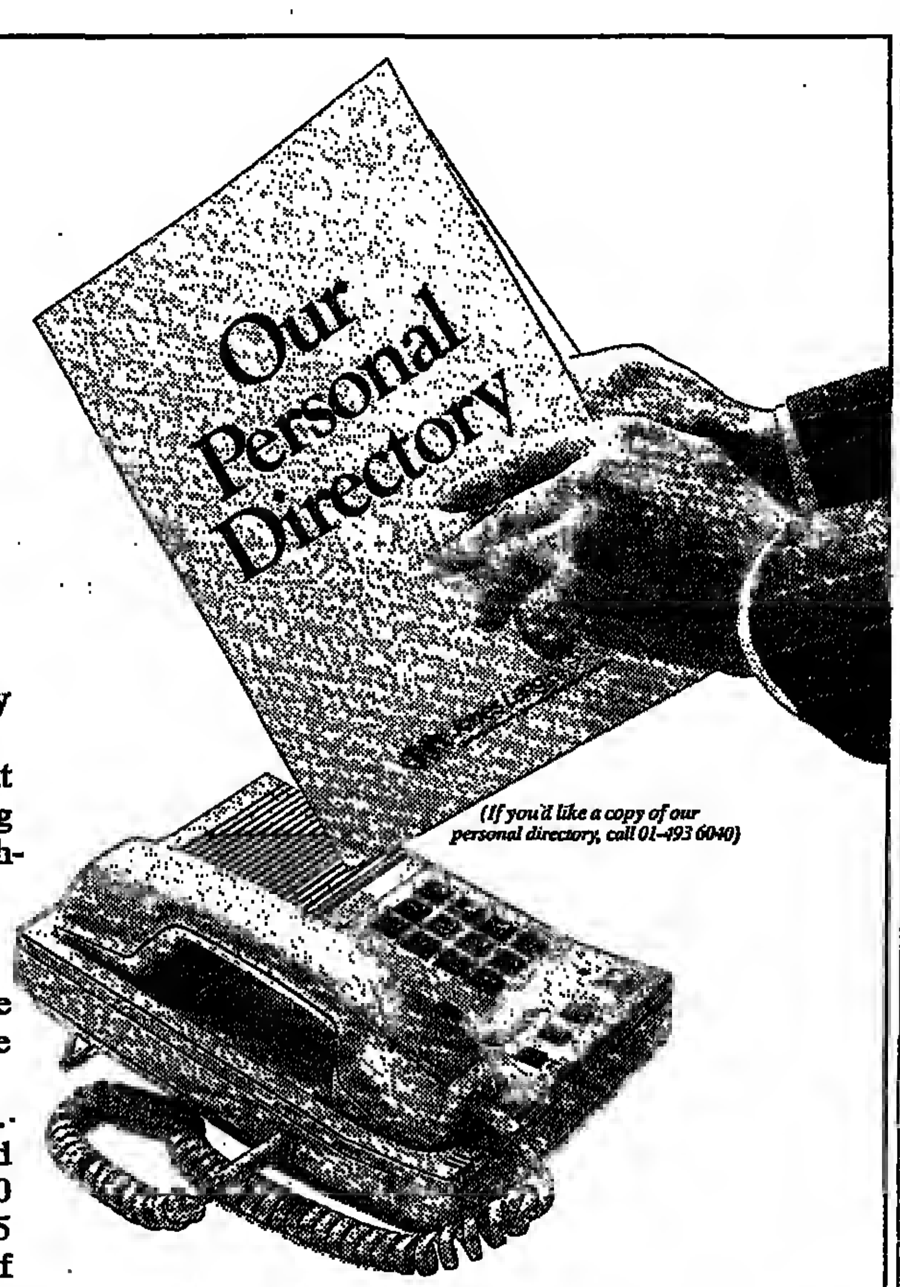
The bonds, available in multiples of $5,000, will yield a fixed 8 per cent per annum and, in addition, all profits arising out of increased rental income or capital appreciation will be paid out until the return to investors hits 12 per cent. After that, any further additional interest will be shared equally between bondholders and IMI.

The company says that, assuming annual growth in both rental income and capital value of 5 per cent, the bondholders' return would be just over 13 per cent a year. A combined annual growth of 10 per cent in rents and capital value would yield 16.5 per cent.

As for tax, IMI says that "a structure has been designed" which is intended to keep all interest and capital distributions arising from the mortgage loans substantially free of corporate tax. Neither does it anticipate the payment of US income taxes, so investors should reap most of the benefits for themselves.

The bond issue, on a best effort basis, is being made through Barclays Merchant Bank, which wants to raise $50m and will go to $75m if the offer looks like being a winner. The bonds are being offered on a private placing basis to banks in Europe and the Far East. In the UK, they will initially be restricted to institutional investors, although buyers will be able to pick them up later on the Luxembourg market.

We'd like to get on first name terms.



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However, we are rather a large practice. (We've eighty-five partners and associates, and over five hundred staff in the UK alone.)

And we didn't get big by turning down small jobs.

In the past year, for example, we've handled instructions on units ranging in size from 400 square feet up. Admittedly, the largest is over 1.5 million square feet, and it's true that much of our work is extremely large.

As a matter of fact we think our size adds perspective to our experience and skills.

Big can be beautiful too, you know.

We'd like to put those skills at your service. And, to begin with, we invite you to have a copy of our personal directory.

It will guide you to the person you need.

Of course, who you need depends on what you want. So let's run through what we do.

Our investment people handle buying and selling, and the funding of property development. We work for owners, occupiers, and, of course, investors.

Our agency teams cover, amongst other things, developing, letting and acquiring, as well as rent reviews and lease renewals.

And whether you're buying or selling, occupying or investing, be it office or factory, farm or fenland, almost anywhere in the world, our valuations group can tell you what it's worth.

In these days of 'intelligent buildings' you need highly intelligent advice on management, maintenance and the improvement of property. We'll take care of everything, from the security of your buildings, to the security of your investment.

When will rents rise and fall, and why? What is the strength of demand?

They're the sort of questions our databank can answer. It's one of the largest sources of commercial property information. It enables us to give soundly based advice, which is one reason why we act as consultants to many clients.

What's more we're just as at home abroad. In other Jones Lang Wootton firms overseas there are a further 125 partners and 1,200 staff, in 35 offices, in 14 countries, on 4 continents.

Whether you're at home or abroad, large or small, we're at your service.

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Chartered Surveyors. International Real Estate Consultants. 22 Hanover Square, London W1R 0JL. Telephone: 01-493 6040. Kent House, Telegraph Street, Moorgate, London EC2R 7JL. Telephone: 01-638 6040.

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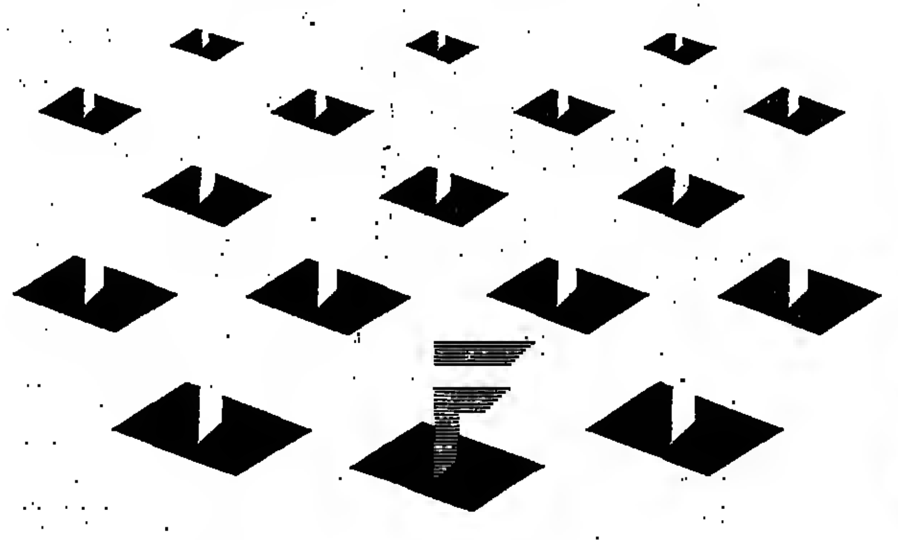

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STRUTT & PARKER of 13 Hill St. W1 and Regional Offices announce the appointment of the following partners as from 1st May 1986: Nigel Aslin, FRICS—Business Parks Department; Giles C. Ballin, ARICS—Commercial Investment Department; Roger Dean, FSVA—Office Agency Department; James A. N. Laing, FRICS—National Estate Agency Department; Jonathan D. Parker, ARICS—Commercial Investment Department; William W. Quarry, BSc (Est Man), FRICS—Retail Department.

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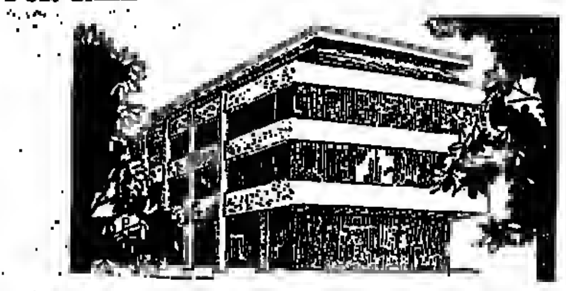

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Commercial Properties, Perth, Western Australia.

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10 storey, recently refurbished, in the financial heart of Perth City, located St. George's Terrace. Gross floor area 5,690m². A$10m.

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5,000 acres. Beautiful livestock property located 220km south-east of Perth in medium rainfall area. Has 3 houses, air-strip, shearing shed, machinery sheds. A$1.1m.

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FAX: (09) 322 6197.
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Please call Nicola Johnson on 0296 624449 or write to:
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Little Hampden Manor, Great Missenden Buckinghamshire. HP16 9PX

Company Notices

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
INTERIM REPORT

FINANCIAL
The unaudited results of the Group's operations for the six months ended 31 December 1985 are as follows:

INCOME STATEMENTS

	Six months ended 31 December 1985 R	Six months ended 31 December 1984 R	12 months ended 30 June 1985 R
Turnover	1 544 285	682 667	2 156 600
Operating income	1 268 869	738 976	1 563 034
Dividends received	135 000	99 000	234 000
	1 403 869	837 976	1 797 034
Interest paid	115	47 624	55 342
Net profit before tax	1 403 754	796 952	1 741 692
Taxation	635 500	346 000	762 846
Net profit	768 254	442 952	975 846
Outside shareholders' share of loss in subsidiary	1 092	2 653	2 574
Profit attributable to ordinary shareholders before extraordinary item	769 346	444 964	961 429
Extraordinary item			(165 600)
	769 346	444 964	615 820
Transferred from non-distributable reserve			165 000
	769 346	444 964	981 420
Retained profit brought forward	1 544 495	1 284 675	1 284 676
	3 715 841	1 729 658	2 200 095
Dividends	100 900	146 766	321 000
Retained Profit	R3 532 841	R1 388 959	R1 944 495
Earnings per share (cents)	30.3	22.1	48.8
Dividends per share (cents)	9.6	7.0	16.6
Dividend cover (times)	4.3	3.2	3.1

BALANCE SHEET	31 December 1985 R	31 December 1984 R	30 June 1985 R
Capital Employed			
Ordinary shareholders' funds	6 514 093	5 735 716	5 925 845
Deferred taxation	1 846 936	1 100 292	1 171 655
Outside shareholders' loans	151 514	152 600	151 318
Outside shareholders' interest	347 274	346 908	548 366
	R8 081 817	R7 348 718	R7 597 162
Employment of Capital			
Fixed Assets	92 515	105 296	89 772
Freehold property	4 129 570	4 153 657	4 106 967
Investment—listed	3 513 000	3 312 600	3 312 000
Current assets	2 080 052	998 217	1 371 493
	9 574 137	8 568 552	6 680 231
Less:			
Bank overdraft/short term loans		245 600	
Other current liabilities	973 682	243 653	624 061
Deferred profits and provisions	539 456	733 600	659 006
	R8 081 817	R7 346 719	R7 897 162
Number of ordinary shares in issue	2 610 000	2 616 000	2 616 666
Actual borrowings	Nil	R245 000	Nil
Permitted borrowings	R6.5 million	R5.7 million	R5.9 million
Market value of listed investment	R5.3 million		

PROPERTY AND GENERAL
Post-tax earnings have increased by 73% from the corresponding period in 1984, justifying the increased interim dividend referred to elsewhere in this report. Unfortunately the property market as a whole remains dormant and no significant improvement in conditions is expected in the short term.

MINING RESIDUES
The results of the sand treatment operations for the six months under review are as follows:

		Six months ended 31 December 1985	Six months ended 31 December 1984
Material treated	—tons	293 018	234 048
Gold Recovered	—kilograms	183.45	153.67
Yield	—grams/ton	0.66	0.66
Revenue to company	—R	1 337 133	596 983

Although the overall tonnage throughput increased 13.3% from the previous [illegible] area referred to in the last annual report, revenue from that source accounted for as much as 36% of total [illegible] higher [illegible] those attributable to the main source of supply at the Kleinfontein sand dump. In general terms the [illegible] average Rand per kilogram [illegible] R10 887 for the corresponding period in 1984.

DECLARATION OF INTERIM DIVIDEND
NOTICE IS HEREBY GIVEN that dividend No. 54 of 9 cents per share (1984—7 cents) for the six months ended 31 December 1985 has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 28 February 1986 and to persons presenting Coupon No. 154 detached from share warrants to bearer. [illegible]

Dividend warrants will be posted from the Johannesburg and London Offices on or about 25 March 1986 to members at their registered addresses or in accordance with written instructions received not later than 28 February 1986. [illegible]

[illegible] Non-resident Shareholders' Tax at the rate of 15% will be deducted from dividends payable to members whose addresses in the register of members are outside South Africa. [illegible]

The conditions applicable to this dividend can be inspected at the Johannesburg and London offices of the company.

For the purpose of determining those members entitled to participate in the above dividend, the share transfer books and register of members will be closed from 1 March to 7 March 1986, both days inclusive.

SNCAMENT OF COUPON NO. 154
The dividend on shares included in Share Warrants to Bearer will be payable on or after 27 March 1986 to the persons presenting Coupon No. 154 at the London Office, 21 Southampton Place, London WC1A 2BQ or at the office of Credit du Nord, 6-8 Boulevard Haussmann, 75009 Paris. Coupons presented at the London Office must be deposited four clear days before being paid and unless accompanied by Inland Revenue declarations, they will be subject to deduction of United Kingdom Income Tax.

Registered Office:
25 Wellington Road,
Parktown, 2193.
Transfer Secretaries:
Central Registrars Limited,
154 Market Street,
Johannesburg 2001.
London Office:
21 Southampton Place, WC1A 2BQ.
14 February 1986

By Order of the Board
J. W. MACKENZIE
J. A. R. WHITE
Directors

Company Notices

USD 100,000,000

SOCIETE NATIONALE DES CHEMIN DE FER FRANCAIS

12⅜% Guaranteed Notes due 1992
With detachable Warrants to purchase USD 100,000,000
12⅜% Guaranteed Notes due 1992

NOTICE OF PARTIAL REDEMPTION

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal Agency Agreement dated as of December 13th, 1984 between SNCF and Banque Nationale de Paris (Luxembourg) S.A. the following Notes in the principal amount of USD 32,000,000 have been drawn by lot and are due for redemption on March 14th, 1986 at the offices of the paying agents at 101% together with accrued interest thereon to said redemption date.

003508-003702	003728-004569	004620-004722	004896-005167
005366-000016	005061-006379	006455-006704	006841-007377
007440-007472	007609-007641	007667-008162	008188-008318
008455-008535	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
651995-052319	632349-032571	632712-032725	632740-032802
022655-033413	653567-033606	633632-053717	033700-034314
634365-034735	034901-034970	654964-035061	655112-055262
635448-036625	036842-036041	656232-036624	036550 016700
036762-037156	037170-037212	037353-037564	100001-100167
100312-100478	168496-161654	101072-161687	163976-164477
164512-104605	184696-104816	104667-184697	184914-104931
104941-105012	105029-105046	165056-105329	105422-105607

105542-100066

THE FISCAL AGENT
BANQUE NATIONALE DE PARIS (LUXEMBOURG) SA

THOMSON — CSF

Societe Anonyme - Capital F.988.060.006
Registered Office: 173 boulevard Haussmann - 75066 Paris
RCS PARIS B 552 029 024
Convertible Bonds 7% 1985 - 2000
US$1,066 each
General Redemption before due date

As the THOMSON-CSF opening share price on the Paris Bourse (monthly settlement market), for the period from 17 December 1985 to 31 January 1986 has been constantly above 120% of the conversion price, it has been decided, in conformity with article 8 of the contract of issue to proceed with the general redemption before due date of this issue.

Consequently, the 46,849 bonds remaining in circulation on 31st January 1986 will be redeemable as from 13th March 1986 at a unit price of US$1,060 with the addition of accrued interest from 1st July 1985 to 12 March 1986, i.e. US$70 x 253/366 = US$49.

Holders who wish may convert their bonds to THOMSON-CSF shares during the three months from 13th March 1986.

BURTON B.V.

(Incorporated with Limited Liability in the Netherlands)

a subsidiary of The Burton Group plc
(Incorporated with Limited Liability in England)

NOTICE TO HOLDERS OF FRENCH FRANC 6¾% CONVERTIBLE GUARANTEED LOAN 1992

At the Annual General Meeting of The Burton Group plc held on 14th January 1986 Resolutions to increase the authorised share capital of the Company and to make a one for one share issue were duly passed.

As a result, the rights attaching to the Loan have been adjusted to reflect the capitalisation issue by reducing the conversion price from 840 per share to 52p per share. This adjustment has been certified by Price Waterhouse the auditors of The Burton Group plc, as being in accordance with the terms of the Trust Deed.

Commercial Union Assurance Company plc, as Trustee of the Loan has given its agreement to the new conditions.

Principal Paying Agent:
N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London EC4P 4DU

Paying & Conversion Agents:
Banque Internationale à Luxembourg S.A.
2 Boulevard Royal
Luxembourg

Algemene Bank Nederland N.V.
32 Vijzelstraat
Amsterdam

L'Europeenne de Banque
21 Rue Laffitte
Paris 9e

Sal Oppenheim Jr & Cie
4 Unter Sachsenhausen
Cologne

O. K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS
NOTICE IS HEREBY GIVEN that the undermentioned half-yearly dividends have today been declared payable on 27 March, 1986 in the currency of the Republic of South Africa, to all holders of the respective classes of shares registered in the books of the Company at the close of business on 7 March, 1986.

6% First Cumulative Preference Shares. Dividend No. 163—3%

5% Third Cumulative Preference Shares. Dividend No. 85—2½%

The usual non-resident shareholders' tax at 15% will be deducted where applicable.

The Register of Members will be closed in Johannesburg and London from 6 March, 1986 to 13 March, 1986, both days inclusive, for the purpose of the payment of the above dividends.

By Order of the Board
P. E. FRITZINGER
Secretary

Registered Office:
OK Buildings
86 Eloff Street
Johannesburg 2001
10 February, 1986

London Registrars:
Hill Samuel Registrars Ltd.
6 Greencoat Place
London SW1P 1PL

CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes Issue of USD 300,000,000 1985-2000

For the period of one month, from 13 February to 13 March 1986 (28 days), the notes will bear interest rate of 8⅛ per cent per annum. The payable interest due 13 March 1986 for each note of USD 10,000 nominal will be USD 63.68.

UK COMPANY NEWS

Imperial Group forecasts profits growth of 23%

BY MARTIN DICKSON

Imperial Group, which is fighting a £1.8bn takeover bid from Hanson Trust, yesterday forecast a 23 per cent increase in pre-tax profits for the year to October and a 25 per cent rise in dividends.

The forecast that pre-tax profits would total about £290m, against £235.7m in 1985, was slightly ahead of market expectations, which had been pitched around £285m. The forecast dividend is 12p, with the interim up from 3p to 5p.

The announcement came just 24 hours after the Government referred Imperial's plans for a merger with United Biscuits to the Monopolies Commission, while freeing Hanson to press ahead with its bid.

The lapsing of the merger means that Imperial has had to rethink its plans for the succession to Mr Geoffrey Kent, the chairman and chief executive, who is to retire in 1987. Under the merger, Sir Hector Laing, chairman of United, would have become deputy chairman of the combined group and heir apparent.

Mr Geoffrey Maitland Smith, chairman of Sears Holdings and already a non-executive director of Imperial, has been appointed to the new post of deputy chairman and will take charge of a committee to consider the structure of the board and succession to Mr Kent.

Mr Michael Pickard, chairman of Imperial's brewing and leisure division, will additionally take on the new post of deputy group chief executive.

Imperial's profit forecast includes £20m from the sale of pubs. This is up from £13.6m last year, but the company said the ratio of sales to divisional operating profits remained the same. The disposal last autumn of the loss-making Howard Johnson hotel subsidiary accounts for about £13m of the profits increase. Imperial is also assuming there are no major strikes, which cost the company £11.5m last year.

Earnings per share are expected to total about 27.1p (22.4p) and the forecast says there should be no material extraordinary items in the year other than the costs of the Hanson bid and United merger.

In the past five years Imperial has run up extraordinary items of £235m. Mr Kent said yesterday the group had been reshaping to make itself a low-cost producer, which had now been achieved.

He added that this change of shape was underlined by the forecast that tobacco would in 1986, for the first time, not be the largest contributor to profits. This division is expected to make £125m, up 2 per cent, against £130m for brewing and leisure, up 34 per cent, and £45m for food, up 36 per cent.

Imperial shares closed last night up 5p at 290p, about 43p above the value of the Hanson offer.

IBM UK profits advance by 60%

AN OUTSTANDING year for its work station and personal computer businesses contributed to a 60 per cent rise in pre-tax profits for IBM United Kingdom Holdings. The result was achieved on turnover up by 30 per cent.

The company, the ultimate holding company of which is International Business Machines of the US, reported 1985 turnover up from £2.35bn to £3.04bn. Pre-tax profits came out at £521m, against the previous year's £325m.

Mr A. B. Cleaver, chief executive, says the achievement reflected the company's determination to be the industry's low-cost producer and its careful management of costs and expenses during the year. He adds that the results were achieved despite a year in which the industry faced a number of uncertainties.

As well as the work stations and personal computers, the 3090 top-of-the-range processor contributed in the last quarter as the level of shipments accelerated.

The continuing growth of the company's dealer, agent and remarketer networks helped it increase sales and number of customers, Mr Cleaver says.

Of turnover, a record £1.55bn was exported, up by 33 per cent on last year's £1.15bn, which put it seventh in the league of UK exporters.

The result was achieved because of the strength of the company's manufacturing base, says Mr Cleaver. That combined with the continuing investment programme, which in 1985 was a record £207m (£149m), "makes us view the future with confidence."

However for the present year he warns that there continues to be pressure on the industry and it will be a year in which business objectives will be achieved only by careful planning and prudent management.

Net profits were £308m against £200m.

The number of employees grew during the year by 1,292 to 18,798. More than 1,700 were recruited for the second successive year and throughout the last three years the company has created 3,250 new jobs of which almost 1,000 have been for graduates.

Templeton valued at £344m

BY LUCY KELLAWAY

Templeton, Galbraith & Hansberger, the largest foreign company to seek a primary Stock Exchange listing in London, today publishes details of a flotation that will value the US fund management group at £344m.

Mr John Templeton, the company's 72-year-old founder and chairman, will realise about £55.5m from selling 25.8m shares. These form the bulk of the 40m shares being offered by Cazenove at 215p each to raise £86m. All of the shares are being sold by existing shareholders, with the company itself raising no new money.

The company's share capital has been divided into two voting classes so that Mr Templeton can keep control of 60.8 per cent of the votes after the flotation. Of the 160m shares in issue, 120m carry one vote, while the remaining 40m, all of which are being retained by existing shareholders, carry five votes each. These shares will not be listed on the Stock Exchange.

Templeton, which is based in the Bahamas, is an investment adviser specialising in global investment. It manages five mutual funds, as well as pension funds and other accounts.

At the end of last year the company had $7bn in funds under management, compared with $1.5bn five years ago. During that time the number of shareholder accounts in the funds has grown from 100,000 to 400,000.

Group profits after tax have grown from $3.7m in 1980 to $15m in 1984, and to an estimated $23.9m for 1985. This implies a historic p/e ratio of 20.2 at the offer price.

The group plans to pay out 40 per cent of after tax profits in dividends. On this basis the shares at the offer price yield 1.98 per cent.

The applications list opens on February 19 and dealings begin on February 27.

● comment

Templeton's share price has not been pitched low enough to make it the sort of bargain that the company is apparently so adept at selecting for its own funds. That said, nobody denies that Templeton's investment record is excellent, no rthat the background of US mutual fund industry could scarcely look better. Furthermore the quality of Templeton's earnings is so good, with investors tending to hang onto their units for a dozen years at olast, reinvesting the income. Nevertheless, suspicious UK investors may not like the limited voting rights nor be altogether convinced that the London listing is o simple consequence of the group's global aspirations, and therefore may not be willing to pay e premium over UK fund management groups. However, the real test will come after 150 days when the door is opened to US investors. Stacked u pagainst its quoted US counterparts, Templeton starts to look more fairly rated, and some of Mr Templeton's 400,000 loyal clients may be heavy buyers at almost any price.

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Court Line payment

Court Line, the major British leisure group which collapsed in the mid-seventies, is to pay a seventh dividend of 2½p in the pound, bringing total dividends to 22½p in the pound, joint liquidator Guy Parsons of Peat Marwick said.

The dividend, which will be paid on agreed claims from creditors amounting to approximately £43m, far exceeds original forecasts which estimated that creditors would receive no more than 10p in the pound.

Michael Cassell considers Rodamco's bid for Haslemere Estates

Dutch seek UK funds outlet

"DOING A Haslemere" may never again mean quite the same thing. The catchphrase, borne out of a respect for the property group's unequalled expertise in restoring some of London's finest buildings, has become property industry jargon for high-class refurbishment.

In future, it might be used to describe e sudden, predatory swoop on an unsuspecting property company.

Rodamco's surprise bid for control of Haslemere Estates has been a possibility ever since the Dutch-based property trust picked np a share stake in the UK company towards the end of 1983. Talk of possible joint ventures gave way to speculation about a takeover, although few observers thought Rodamco was ready to make its play.

Despite Haselemere's dismissal of the approach, Rodamco seems to bave got its terms finely balanced and its timing just right, although the possibility of a third party muscling in cannot be completely ruled out, even after yesterday's impressive dawn raid by the Dutch.

The 600p-a-share bid, which quickly tempted e significant number of shareholders to sell, reflects a fairly narrow discount on last stated net assets per share of 649p. The figure has undoubtedly risen since, although most estimates place it no higher than ebout 680p, which Haslemere will no doubt be attempting to top as it sets up its defence.

The Dutch fund says its uncharacteristic and slightly puzzling decision to broadcast publicly its terms before holding any discussions was designed to ensure that Haslemere has little choice but to give the offer full consideration. The UK company wasted no time yesterday in showing what it thought of the epproach.

Rodamco likes most of what it sees in Haslemere, which was founded as a private company in 1943 by the late Mr Fred Cleary and floated et four shillings a share in 1961. It concentrated from the outset on property investment and development in London and the sonth east and its investment portfolio rose from £609,000 at the time of its flotation to £290m in 1985.

HASLEMERE'S RECORD

Year end March 31	Pre-tax profit £m	Earnings per share (p)
1985	6.47	15.58
1984	5.83	14.99
1983	7.09	16.75
1982	6.08	18.06
1981	5.38	16.35

Bnt it has recently found the going tougher, with growth in net assets per share and its share price underperforming other major companies in the property sector. Earnings per share in the year ending March 1985 were 5 per cent down on 1981 and the market has not been expecting any significant improvement in performance over tho medium term.

One of Haslemere's difficulties bas stemmed from its decision to become less exposed to its traditional market, investing in small- to medium-sized properties, and to step up its involvement in the latest generation of larger office schemes.

According to Mr Maxwell Creasey, the former deputy managing director et MEPC, who becomes one of three founder-directors of Rodamco Property: "Part of the company's problem has been a lack of funds, which has forced it into the arms of funding partners in order to carry out major projects. As a result, its share of any development profits has been limited."

And some of its projects have not been runaway successes. Recently, it was caught in the classic development trap, having to make ground rent payments to funding partners while two of its major City of London office schemes remained empty and non-income producing.

Mr Creasey says Rodamco will be able to inject funds into Haslemere, allowing it to take on a broader range of investments and to retain 100 per cent ownership for itself. There are also suggestions from the Rodamco camp thet Haslemere's management has become a little too sleepy and that a fresh surge of enthusiasm may now be overdue.

But Haslemere's chairman, Mr David Pickford was last night quick to reject the accusation and in confident mood about prospects for asset and profits growth and for Haslemere's ability to secure for itself a thriving, independent future.

One of property's gentlemen, he says the Dutch are "nice people" but that they have totally underestimated Haslemere's current value and future potential.

If the takeover succeeds, however, there will inevitably be some sales in a portfolio of about 180 properties, 75 per cent of which, by value, are located in the south-east.

Mr Cornelis van Rijn, managing director of Rodamco NV says Haslemere holds "a fair amount of attractive property, but some is mediocre and some I would not buy if it was not already in the portfolio."

Mr David Pickford, the chairman ef Haslemere

For Rodamco, the UK initiative forms part of its strategy to construct e Dutch property investment vehicle with e portfolio spread throughout the world. The property trust was founded in 1979 and now has net assets of about £500m, invested in Europe and the United States.

According to Mr van Rijn: "There are enormous volumes of funds available in Holland for property investment but very restricted opportunities to invest in the domestic market. We are ready to direct some of those funds into the UK."

Unlike its sister trusts in parent company Robeco, Rodamco invests directly in prope.*y, although it does also hold an equity portfolio. In the UK, its only other significant equity stake is in Hammerson, which would prove to be an altogether bigger and tougher nnt to crack.

See Lex

Asset value upturn for two venture capital groups

BY WILLIAM DAWKINS

Newmarket Company and Abingworth, the quoted British venture capital groups with substantial exposures to the US, experienced e slight recovery in asset values in the final quarter of 1985.

Both groups attribnte the improvement to an nptum in valuations of publicly listed US technology stocks, though Newmarket warns that "the recovery owed more to investors' enthusiasm for the less-favoured areas of the market than to a fundamental economic improvement in technology companies."

Newmarket, registered in Bermuda, with 80 per cent of its investments in tho US, unveiled a rise in net asset value from $2.38 per share to $2.44 (£1.69) in the three months to the end of its financial year in December. The total value of the portfolio climbed by 7 per cent during the year from $81.37m to $87.04m. The results sent tho shares down 2p to 120p, a 30 per cent discount to asset value.

Mr Alan Henderson, Newmarket's chairman, said: "This recovery has enabled us to sell further quoted stocks in the last quarter of the year." Holdings were realised in Ziyad Inc, e maksr of intelligent peper processors, Massachusetts Computer Corp and Centocor, a oiotechnology venture.

During the final three months, Newmarket made e new investment of $750,000 in Palladian Software Inc and put an additional £1.4m into 10 existing UK investments and $1.02m of follow-on financing into seven US ventures.

Abingworth, with 72 per cent of its portfolio in US businesses, recorded e rise in net asset valne from £2.70 per share to £2.81 in the threo months to December, completing the first half of its financial year. Net assets slipped, however, from £2.86 per share in June 1985. The share price slipped 5p to 240p, a 15 per cent discount to net asset valne.

"The value of the dollar-based element of the portfolio showed good growth in the last three months of 1985, but this gain was reduced in sterling terms by the strength of the pound," said the group.

Abingworth made six new investments during the interim period: $2m in three US ventures and £1.2m in three British businesses. A number of significant realisations were also made, inclnding the disposal for $803,125 of a stake in Apple Computer originally bought for $14,063.

Mr David Quysner, e director, said yesterday that "six or seven" portfolio companies are expected to go public in the next year, mainly in the US. Spice, a British operator of cash and carry warehouses for eutomotive spare parts, also is joining the London Unlisted Securities Market next week.

SAI hit by weather and narrowing margins

FOLLOWING the substantial reduction in profits at midterm, Scottish Agricultural Industries has made a trading profit of only £384,000 for the full 1985 year, compared with £2.77m.

And taking account of increased associates' losses and a move into net interest payable, the group is left with a pre-tax loss of £355,000 for the year, compared with a profit of £3.15m.

The company, a 62 per cent owned subsidiary of Imperial Chemical Industries, is holding the dividend at 18.5p net, with an unchanged final of 12p.

Turnover fell from £19.04m to £110.33m mainly because of the severe weather last summer and autumn. This had a consequent effect on profit, which was aggravated for the second year running by e narrowing margin on fertilisers. Gross profit was down from £20.31m to £18.04m.

Fertiliser selling prices declined further in the second balf in response to extreme competition. Fertiliser raw materials are traded in dollars and, although the sterling/dollar rate improved in the last quarter, over 1985 as a whole this was not sufficient to offset oignificant price increases.

In the year losses attributable to related companies were £441,000 (£232,000) and interest eharge was £298,000 (receivablo £607,000). There is a tax credit of £1.99m (charge £576,000) and minorities £32,000 (£21,000) for earnings per share of 19p (29p). Pre-tax, the loss was 4p (earnings 37p).

Former THF directors get £0.2m

TRUSTHOUSE FORTE, the hotels and catering group, has paid e total of £200,000 compensation to two former directors for loss of office.

The directors concerned are Mr Robert Manfred, formerly in charge of THF's American operations, and Mr Giuseppe Pecorelli, a former managing director of THF's hotels. THF declined to give a breakdown on tho separate payments.

According to the group's annual report for 1985, Mr Pecorelli resigned last August from the board. In February 1984, THF announced that Mr Pecorelli had been granted a year's sabbatical to do research into certain aspects of the botel and catering industry. Mr Manfred retired last March.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Birmid Qualcast	3	—	2.58	3.75	3.25
Elbief ......int	0.53	April 10	0.48	—	1.72
Mid Wynd ......int	1	April 7	0.9	—	2.15
Scottish Agricultural	12	April 4	12	18.5	18.5
Trent Holdings ......int	0.46	March 27	0.42	—	1.05
Tribune	2.15	—	1.7	2.75	2.25
Trust of Property	0.5	April 8	0.4	0.5	0.4
Yeoman Trust	6.1	March 31	5.6	9.6	8.6

Dividends shown in pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

This announcement appears as a matter of record only.

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Kleinwort, Benson Limited	NM Rothschild & Sons Limited	Bank of America NT & SA
Banque Paribas (London)	Canadian Imperial Bank Group	Citibank, N.A.
Credit Lyonnais, London Branch	Lloyds Bank Plc	Midland Bank plc
The Royal Bank of Canada	Westdeutsche Landesbank Girozentrale	Westpac Banking Corporation
Dresdner Bank Aktiengesellschaft, London Branch		Morgan Grenfell & Co. Limited
Banque Nationale de Paris p.l.c.	County Bank Limited	The Sanwa Bank, Limited

Advance Tender Panel Banks

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Banque Belge Limited	Banque Nationale de Paris p.l.c.	Banque Paribas (London)
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Citicorp Investment Bank Limited		Commerzbank Aktiengesellschaft, London Branch
County Bank Limited	Credit Commercial de France, London Branch	Credit Lyonnais, London Branch
Credit Suisse		Deutsche Bank Aktiengesellschaft, London Branch
Dresdner Bank Aktiengesellschaft, London Branch	First Chicago Limited	Hill Samuel & Co. Limited
Kleinwort, Benson Limited	Lloyds Merchant Bank Limited	Manufacturers Hanover Trust Company
Midland Bank plc	Morgan Grenfell & Co. Limited	Morgan Guaranty Trust Company of New York
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The Sanwa Bank, Limited	The Sumitomo Bank, Limited	The Tokai Bank, Limited
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Euronote Tender Panel Banks

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CIBC Limited	CIC-Union Europeenne, International et Cie, London Branch	Citicorp Investment Bank Limited
Commerzbank Aktiengesellschaft, London Branch	County Bank Limited	Credit Commercial de France, London Branch
Credit Lyonnais, London Branch	Credit Suisse	Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft, London Branch		Dresdner Bank Aktiengesellschaft, London Branch
First Chicago Limited	Fuji International Finance Limited	Hill Samuel & Co. Limited
Kleinwort, Benson Limited	Lloyds Merchant Bank Limited	Manufacturers Hanover Limited
Samuel Montagu & Co. Limited	Morgan Grenfell & Co. Limited	Morgan Guaranty Ltd
Morgan Stanley International	Orion Royal Bank Limited	NM Rothschild & Sons Limited
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Westdeutsche Landesbank Girozentrale		Westpac Banking Corporation

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January 1986.

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SUCCESSFUL DIVERSIFICATION

Unaudited results for ½ year to 31st October	1985 £000	1984 £000
Turnover	2,048	1,757
Profit before tax	302	251
Taxation	(121)	(113)
Profit after tax	181	138
Earnings per share	1.43p	1.09p
Net dividend per share	.532p	.484p

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NOTICE TO LOMBARD DEPOSITORS

Account	Rates for depositors entitled to receive gross interest	Rates for depositors entitled to receive net interest	Gross equivalent to a basic rate tax payer
14 Days Notice (Minimum deposit is £2,500)	12½% pa	9·34% pa	13·34% pa
Cheque Savings Accounts: When the balance is £2,500 and over	12% pa	8·97% pa	12·81% pa
When the balance is £250 to £2,500	10% pa	7·47% pa	10·67% pa

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Over-the-Counter Market

High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	128	+2	7.3	5.8	7.7	7.2
151	121	Ass. Brit. Ind. CULS	131	+2	10.0	7.8	—	—
75	43	Airsprung Group	70	—	6.4	9.1	11.7	15.2
46	33	Armitage and Rhodes	35	—	4.3	12.3	4.3	5.2
169	108	Bardon Hill	169	+1	4.0	2.4	21.4	22.2
64	42	Bray Technologies	58	—	3.9	7.0	6.8	7.6
201	136	CCL Ordinary	138	—	12.0	0.7	3.4	3.2
152	97	CCL 11pc Conv. Pref.	98	—	15.7	15.9	—	—
135	80	Carborundum Ord.	135	—	4.9	3.8	6.7	10.5
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.6	—	—
65	46	Deborah Services	58	—	7.0	12.1	0.1	7.9
32	20	Frederick Parker Group	21	—	—	—	—	—
92	50	George Blair	92	—	—	—	3.8	6.8
66	20	Ind. Precision Castings	65	—	3.0	4.6	17.2	14.3
218	163	Isis Group	163	—	15.0	9.2	12.5	18.7
122	101	Jackson Group	121	—	5.5	4.5	0.1	8.1
319	228	James Burrough	316	+1	15.0	4.7	10.0	10.0
95	88	James Burrough 9pc Pf	92xd	—	12.9	14.2	—	—
95	64	John Howard and Co.	64	—	5.0	7.8	5.1	8.0
910	570	Minihouse Holding NV	910	+65	0.9	0.0	39.7	37.8
82	32	Robert Jenkins	70	—	—	—	8.1	20.0
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	66	Torday and Carlisle	69	—	5.0	7.2	3.5	6.3
370	320	Travian Holdings	325	—	4.3	1.3	10.6	18.2
43	25	Unilock Holdings	43	+2	2.1	4.9	11.7	11.4
133	93	Walter Alexander	132	—	8.6	6.5	7.5	9.1
226	185	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

UK COMPANY NEWS

Sedgwick having merger talks with US broker

BY JOHN MOORE, CITY CORRESPONDENT

Sedgwick Group, Britain's largest independent insurance broker, is in merger talks with Bayly, Martin and Fay International, the eighth largest broker in the US.

Talks, which are understood to have been in progress for three weeks, followed an approach by Bayly Matrin and Fay to Sedgwick, which jockers for position as the world's second largest insurance broker with Alexander & Alexander Services. Bayly, Matrin and Fay ranks aroundt 16th position in the werld league in terms of the size ef its revenue. It is a privately-owned business based in Forth Worth, Texas anl employs 1,300 people.

It is a retail insurance broker, specialising in the insurance of film production risks, energy and aviation.

Mr Carel Mosselmans said yesterday that both sides had decided to announce the talks so that the managements could talk openly. He said that the move would complement the merger last year of Sedgwick with Fred S. James, the sixth largest broker in the US. He said that Fred S. James was not well represented in the US eil producing areas.

Last year Sedgwick merged with Fred S. James in s £533m deal, which gave Transamerica Corporation, the US financial conglomerate ; which owned James a 29 per cent voting stake in Sedgwick and 39 per cent of the equity.

Sedgwick has been attempting to ferge a closer link with the US market for some years. In 1978 it, tried to link with Alexander and Alexander but merger talks collapsed. Aftar Alexander and Alexander ran into trouble with its merger with Alexander Howden group in Londen, Sedgwick started new talks but these failed.

Sedgewick also held informal talks with Frank B. Hall, the world's third largest broker, but these failed as well.

Mr Mosselmans has indicated that be wants Sedgewick to increase its retail broking presence in the US, which is the world's largest insurance market. The latest move cenld trigger anether round er realignments in the internatienal insurance broking community as competitors of Sedgewick attempt to maintain their position in the insurance markets.

Bell continues to build up Crucible stake

Bel Group International, the UK-arm of Mr Robert Holmes e Court's Australian industrial, resource and investment group, is continuing to build up its stake in materials technology group Morgan Crucible.

Crucible'e agreed £48m bid for First Castle Electronics is dne to close on Saturday. The offer is three Crucible shares for every four in the defence and electro-components company.

Over the last few days Bell bas seized opportunities to buy First Castle shares when the market price has made this the cheaper route onto Crucible's register. Yesterday's Bell announced that it held 1.6m shares in First Castle, some 6.1 per cent of the issued equity.

Bell has indicated to Crucibla that it fully supports the takeover of First Castle and on the assumption that the Australian group ecepts the share offer part of the bid, its stake in the UK company will soon be 12.93 per cent.

Earlier this week Bell became the largest single shareholder in Morgan after it announced an 11.2 per cent holding.

Evered cleared

The Office of Fair Trading has decided not to refer the acquisition by Evered Holdings, as leader of e concert party, of a 20.1 per cent in TI, formerly Tube Investments, to the Monopolies Commission. The decision relates only to the 20.1 per cent stake and not to any future purchase of shares or bid.

Goal stake for Norwich

BY MARTIN DICKSON

Norwich Union, the insurance group, emerged yesterday as the surprisa buyer of a strategic 24.68 per cent stake in Goal Petroleum, the small UK independent oil producer, which was sold by Morgan Grenfell, the merchant bank. Norwich has e putand-call option agreement over Morgan's additional 5.24 per cent stake in Goal.

Morgan had been seeking a purchaser for its stake for some time and there had been speculation that this might go to e potential bidder for Goal. Norwich, which, however, said its holding was a "long-term investment," apparently put in the highest offer of several receives.

It paid 57p a share compared with an unchanged Goal closing price last night of 52p.

Norwich has morethan £400m of quoted oil shares and direct stakes in the Nerth Sea's Forties Field and exploration interests in several consortia.

Mr Paul Lovett, the investment manager, said as Norwich was looking te the leng term, it regarded the recent fall in oil prices, and the unfashioneble nature of the secter, as an opportunity to edd te its portfolio. Goal holds a coveted 5 per cent stake in the onshore Wytch Farm oil field.

Premier Consolidated Oilfields, a larger British independent, recently bought an 11 per cent stake in Goal. Mr Roland Shaw, its chairman, said yesterday that he was still "reviewing the situation." Premier's stake was acquired for about 41p a share.

Valor in £1m acquisition

BY CHARLES BATCHELOR

Valor, the gas fire and home appliance group, has taken over the UK distribution for Magimix, the French-made food processor range, in a deal expected to be worth more than £1m over the next seven years.

Valor is buying the assets of ICTC, the ewner of the existing distributorship for Magimix, as well as of similar agreements for ether kitchen items including Gelato Chef, Robot Chef, Convectionaire, Stirella and e range ef cook books.

ICTC's trading profits reached a peak of £500,000 a year, but last year exchange losses and a fall in turnover led to a small trading deficit. The Magimix business preduces turnover of £5m in Britain.

Valor, through Dreamland, its electric blanket subsidiary, has signed a new 10-year distributorship with Robot Coupe, the French manufacturers of Magimix.

It will pay an advance sales royalty of £350,000 rising to a total of more than £1m over seven years. This is Valor's fifth acquisition of e home appliance brand within two years.

Williams offers £140m for McKechnie

BY DAVID GOODHART

Williams Holdings, the fast-growing industrial holding company, yesterday unveiled an all-share bid for McKechnie Brothers, the Midlands-based non-ferrous metals and plastic company which is almost twice its size.

The offer of one Williams share for every two McKechnie values the company at about £140m. There is no cash alternative. The approach was immediately rejected as inadequate, misconceived and "shewing a totel disregard for McKechnie's successful record and future prospects."

McKechnie had been half-expecting a bid ever since Williams revealed a 6 per cent stake last December. Partly because of that stake it brought forward its own plans to acquire a fellow Midlands manufacturer, Newman Tonks. McKechnie unveiled its £58m bid for Newman Tonks at the end of January but despite a number of meetings since then no agreement has been forthcoming from the Newman board.

Dr Jim Butler, the McKechnie chairman, has insisted that he will continua with the bid, despite Newman's eppesition. But the Williams chairman, Mr Nigel Rudd, stressed yesterday, that the offer for McKechnia is dependent upon the Newman Tonks bid being dropped.

The three-sided conflict—which promises to become a long and bad tampered battla—is likely to reach a first climax et the McKechnie extraordinary meeting on February 28, when its shareholders have to decide on whathar te support the Newman Tonks' bid. With Williams' shares increasingly popular, but still outside most institutional portfolios, the demand is strong, particularly after its recent takeover of Rawlplug and Spencer Clark.

Dr Butler said there was no industrial logic in a Williams bid, and claims to the contrary were "naive and superficial." He added: "They are making a fundamental mistake if they believe that McKechnie is in any way comparable to those companies with limited prospects and high overheads which they have acquired in the past."

McKechnie's shares rose 16p to close at 224p, Williams slipped 2p to close at 475p and Newman Tonks fell 8p to close at 127p.

David Goodhart looks at the background to a potentially bloody takeover battle

Corporate philosophy—the generation gap

THE LONG-PREDICTED bid by Williams Holdings for McKechnie Brothers has the potential to become a fascinating and bloody battle between two different philosophies of how to run diversified manufacturing holding companies.

The philosophical divide is underlined by a difference of generations. Mr Nigel Rudd, 39, and Mr Brian McGowan, 41, are the young(ish), ambitious entrepreneurs, who in February 1982 paid £400,000 for control of a loss-making Welsh foundry group out of which they have grown—primarily through acquisition — a Hanson-style conglomerate with estimated profits of £8m and turnover of £120m.

In the City Williams is perhaps the most popular of the new conglomerates (the other prominent ones being Evered Holdings, Suter and F. H. Tomkins). Its share price has risen, almost without pause, from about 15p in June 1982 to over 470p last night. Although it only moved into profit in 1984 and dividends have been minimal, its acquisitions have been funded through its increasingly popular paper.

McKechnie, on the other hand, is a 100 year old Midlands metal-basher with a chairman, Dr Jim Butler, and two other executive directors all aged 59. Dr Butler and Mr Leslie Milner, the finance director, have both been on the board for 15 years.

Fifteen years ago the company also began to diversify out of metals and into plastics and consumer goods and its subsequent performance has been reasonable enough for the sector, with pre-tax profit of £16.6m on turnover of £222m in 1985.

It is, however, the kind of steady, unspectacular, performer which feels rather unfairly treated by the City. As Dr Butler says: "The City tends to favour recovery situations rather than solid performance. Perhaps we are a bit dull, but we have good management and all the jazzy things like profit-orientated incentive schemes." He adds that unlike many similar companies in its sector it did not suspend its dividend between 1979 and 1982.

To Dr Butler the new conglomerates are the frothy products of a bull market with more than a smell of the asset strippers of the early 1970s. Like the many company chairmen before him who have faced the highly rated paper of the junior Hansons, he wonders aloud just how much of Williams' own growth has been organic and points out that the improved performance of a recent Williams' acquisition like J. and H. B. Jackson was in the pipeline anyway.

McKechnie naturally stresses its longer-term worth compared with the "flash in the pan" Williams. Nevertheless, it is its own performance that is now on trial and not that of Messrs Redd and McGowan.

Mr Rodd does not mince words. He concedes that McKechnie is not particularly badly run but "it is under-managed and has not performed well in the past few years." More back-handedly, he goes on: "I had a friendly chat with Dr Butler yesterday and he's a very cultured man, but he looks at things in a different way to us. To be frank it's symptomatic of age — three of the directors are nearly 60 and they don't seem to have anyone ready to succeed."

On that point Dr Butler can snap back—perhaps justifiably — that Williams does not know it is talking about. He says: "We have in the past few years grown up an embryonic divisional structure under the board consisting of some of our leading managing directors." All in their 40's, the key figures are: Mr John Kembery, metals; Mr Kevin Cubbage, consumer goods; Mr Stuart Mebberley, plastics; and Mr Robin Hitchcock, engineering.

On the financial figures Williams is more telling. Mr Rudd points out that in 1965 the McKechnie share price stood at 63p and Williams started buying their shares at 112p last July. A doubling of the share price in twenty years may not be very exciting, but Dr Butler now says that the 220p price is almost entirely justified, regardless of bid premium.

It is certainly the case that the company has suffered two pieces of bad luck in the last two years which have affected its share price. A major fraud was uncovered in Australia in 1984 and the more recent collapse of the rand has caused the market to disapprove of almost anything with a South African connection.

But McKechnie's results have been flat. In 1982, it made pre-tax profits of £10.7m on turnover of £155m, in 1983 £11.5m on £188m, in 1984 £15.2m on £203m and last year £16.6m on £222m.

Pleading perspective, Dr Butler points out that the comparison with similar companies is generally flattering to McKechnie and that £16m on £220m is still a better margin than Williams' own £8m on £120m. He adds: "The growth has been useful but not exciting—until the recession we were perceived to be doing the right thing. Since then we have consolidated and now we're looking for enhanced growth."

It is the quest for such new growth that prompted the Newman Tonks bid. Although in the past almost all deals have been agreed, the Williams presence has concentrated the mind and "stopped us pussy-footing around waiting for an agreement," says Dr Butler.

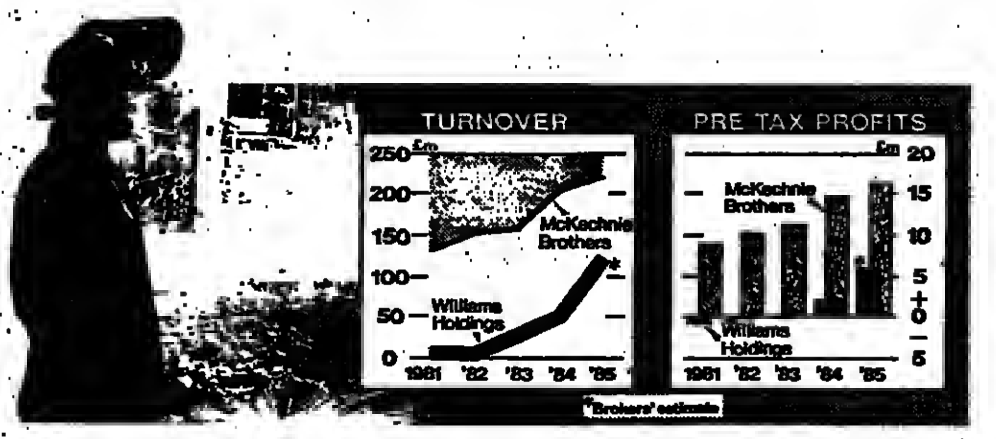
McKechnie's City image may be poor, but its industrial management practice is not dissimilar to Williams. It has a small head office of only about 15 staff which acts as banker and financial controller to the largely autonomous units.

"We are by no means the flabby, bureaucratic, over-stuffed, target that companies like Williams usually aim at," says Dr Butler. And just as important it has diversified in the right directions. In the 1960's it was still almost entirely metals, but its 1985 figures show that while metals and chemicals accounted for £139m of turnover they made only £6.9m profit compared with £5.9m from plastics and consumer goods on turnover of £82.4m.

Non-ferrous metals—particularly brass sections—is still the business of its biggest single unit, McKechnie Metals, based near Birmingham, which employs about 800 of the total UK labour force of 5,000. But the traditional activities are increasingly concentrated, quite profitably, in Australasia and South Africa, which still account for nearly one-third of turnover.

It was in 1969 that it bought Harrison, a curtain rack and domestic hardware company. In the following 10 years it picked up several more plastics — and latterly consumer goods companies — many of which are quite well known (such as Crayonne) and have a growth potential that has attracted Williams.

McKechnie now makes a wide range of plastic goods from modern telephone frames for British Telecom to asthma inhalers. It is also the second biggest maker of toilet seats in the UK.



Trusthouse Forte PLC

ANOTHER RECORD YEAR

Results

Year to 31st October, 1985

	1985 £m	1984 £m
Sales	1,244·5	1,131·4
Gross trading profit	184·3	152·1
Profit before tax	129·6	108·9
Profit before extraordinary items	86·7	76·8
Earnings per share (net)	11·11p	9·84p
Dividends per share	5·45p	4·74p

Profit before tax up 19% on last year.

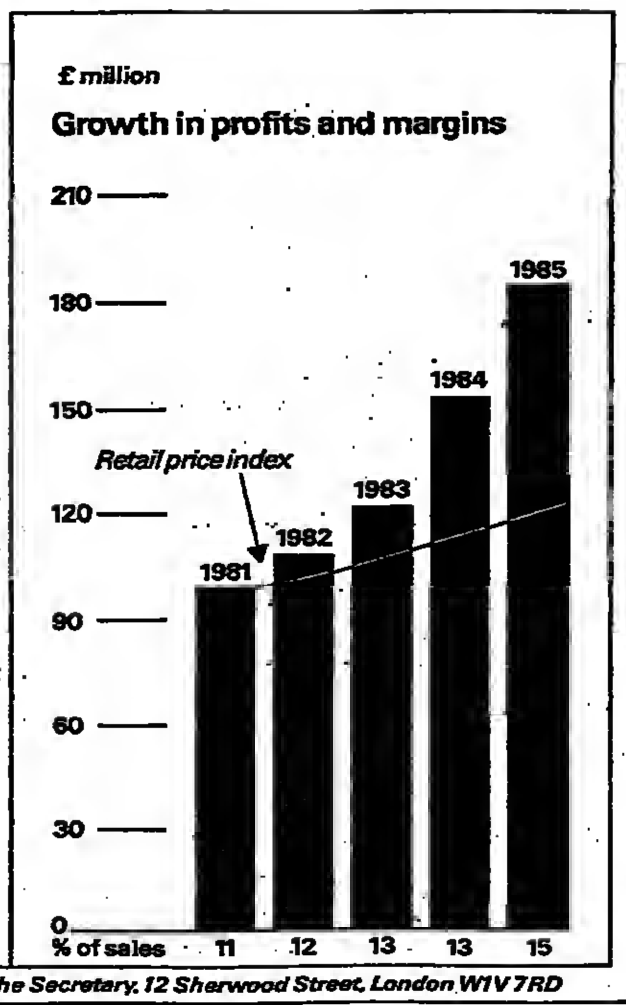
Earnings per share increased by 13%.

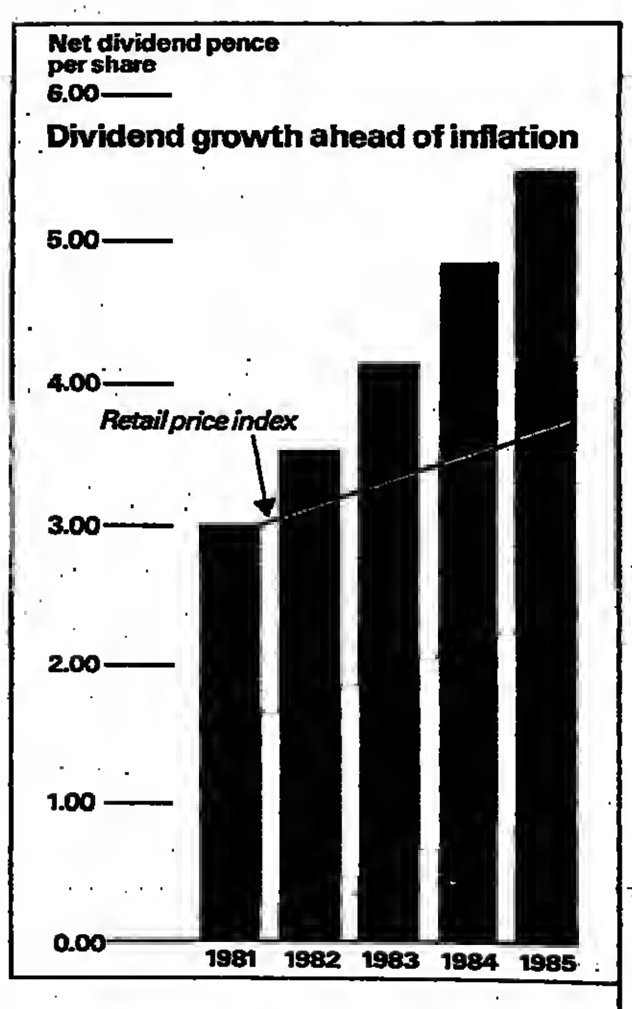
Dividend increased by 15%.

Property assets well in excess of a billion pounds (£1,000,000,000).

Balance sheet remains strong – ratio of net borrowings to shareholders' investment 0.29:1.

Trading in the current year is comfortably ahead of last year and this trend continues to be seen in our forward bookings.





Copies of the Annual Report may be obtained from the Secretary, 12 Sherwood Street, London W1V 7RD

For reservations at any of our hotels worldwide ring our booking office on 01-567 3444, contact your travel agent or ring the hotel direct.

Trusthouse Forte

UK COMPANY NEWS

Birmid Qualcast lower at £10m

AGAINST THE market's hopes, Birmid Qualcast has failed to make up the shortfall incurred at the half way stage. For the year ended November 2 1985, its profit before tax came out at £10.06m, after a 2.48 per cent drop to £12.29m in operating profit and a 67.5 per cent surge to £2.13m in net loterest costs.

The market was looking for a pre-tax profit in line with the previous year's £11.29m.

But the directors are lifting the dividend from 3.25p to 3.75p net, with a final of 3p. They say in diametric contrast to 1985 the first quarter shows every indication of giving the group a good start to the current year. Although capital expenditure was increased to £8.8m net borrowings were virtually unchanged at 20 per cent of shareholders' funds, and the financial position remains strong.

Mr R. T. Macpherson, the chairman, recalls that the first quarter of 1984-85 was adversely affected by a number of factors, but says there was a strong recovery subsequently led by the consumer product activities.

In the home and garden equipment division turnover rose to £59.49m (£54.67m) and operating profit to £6.34m (£4.6m). The lawn mower business was assisted by reasonable grass-growing conditions and gave a particularly strong performance—which is expected to be maintained. Improved efficiency and new products helped to generate a substantial increase in earnings.

The kitchen furniture company was unable to maintain its record performance of the previous year because of a significant fall in total market size; but the bathroom ware side recorded another satisfactory trading result.

Turnover in the heating division was clipped to £36.27m (£36.93m). But the operating surplus fell to £4.76m (£6.88m) as a direct result of a sharp drop in demand for central heating in the first quarter. A much stronger trading pattern was evident later.

Engineering experienced a difficult year, principally because of losses from the mining equipment activity and lower profits from the UK irrigation company. Plastics products and precision engineering companies achieved reasonable profits. Overall, turnover was £21.16m (£20.72m) and profit £232,000 (£512,000).

● comment

Birmid Qualcast's results, like the curate's egg, are good enough in parts. One half of the company—foundries and engineering—is struggling to achieve a decent level of profitability through closures and rationalisation. Meanwhile, the rest, central heating boilers and lawnmowers, supplies consumer durables and is subject to very seasonal demand patterns. The closure costs for the steel furnace at Nuneaton have been taken below the line this time round and without the £½m losses, this division should make operating profits of £2m at least in the present year. Engineering, it appears, is the next candidate for drastic remedies. Over on the consumer side, the group's real profit centre in the last few years, the end of the boiler price war should be welcome, as should the recovery in volume as the replacement market gets up a head of steam. Lawnmowers have lost some of their drama since the end of the Flymo war and have to look for a good sprinkling of rain in the earliest possible of springs if the division is to improve on last year's performance. In spite of having come in £1m below expectations this time, the forecasts are for £13½m given the apparently very good start to 1985-86. The improved dividend should support a better prospective rating than the modest six times earnings on the shares at 97½p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ariel Industries, Ewart New Northern, Memcom International, Second Alliance Trust.

Finals: Cranbrook Electronic, Glasgow Stockholders Trust, Kennedy Brookes.

FUTURE DATES

Interims:	
Crusts	Feb 28
FII Group	Feb 25
Fletcher Challenge	Mar 11
Photo-Me International	Feb 20
Precious Metals Trust	Mar 26
Star Computer	Feb 20
Finals:	
Anglo American Industrial	Mar 7
Anglo-American Securities	Feb 20
Biomechanics International	Feb 27
Bullom	Feb 18
Lancashire & London Inv Tst	Feb 20
Liberty Life Assen of Africa	Mar 12
Metal Bulletin	Feb 21

BANK RETURN

BANKING DEPARTMENT

	Wednesday February, 18 1986	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	4,921,758,186	+ 173,049,528
Bankers Deposits	927,308,870	+ 152,322,094
Reserve and other Accounts	1,542,036,451	— 41,081,118
	7,405,653,507	+ 284,290,434
ASSETS		
Government Securities	598,603,771	— 22,730,000
Advance & other Accounts	668,876,684	+ 8,629,185
Premises Equipment & other Secs.	6,131,620,614	+ 311,102,302
Notes	6,188,546	— 6,722,609
Coin	360,882	+ 11,816
	7,405,653,507	+ 284,290,434

ISSUE DEPARTMENT

LIABILITIES	£	£
Notes in circulation	11,963,807,454	— 3,277,391
Notes in Banking Department	6,192,546	— 6,722,609
	11,970,000,000	— 10,000,000
ASSETS		
Government Debt.	11,015,100	—
Other Government Securities	2,800,289,400	+ 162,126,266
Other Securities	9,158,695,500	— 172,126,266
	11,970,000,000	— 10,000,000

Elbief lifts interim on 20% profit growth

On sales ahead by 16.5 per cent to £2.05m in the half year ended October 25 1985, the Elbief group has lifted its pre-tax profits by 20 per cent, from £251,000 to £302,200. The interim dividend is raised from 0.484p to 0.532p net per share, and waivers have again been received from some directors and their associates on 3.31m shares.

Mr Samuel Prais, the chairman, says the range of leather-goods accessories and photograph frames, mirrors and clocks have all shown increases in sales. Incoming orders are also reflecting a higher demand compared with this time last year.

Tax is estimated at £120,880 (£113,100) to leave net earnings at 1.43p (1.09p) per share. For the full year ended April 30 1985 the group made a pre-tax profit of £503,600 (£470,360)

Tribune Investment

Net asset value per ordinary share at Tribune Investment Trust improved from 139.5 to 154.6p in the 1985 year, with revenue up from £2.41m to £2.74m before tax at £949,689 (£898,095). The final dividend is raised from 1.7p to 2.15p for a total of 2.7p (2.25p).

Trent Holdings pegged by expansion costs

Setting up costs and much higher interest charges have affected the pre-tax profit at Trent Holdings, the maker of specialised doors. In the six months ended September 30 1985 the profit has fallen from £259,000 to £227,000.

After a reduced tax charge, however, earnings are again 2.47p and, reflecting the directors' confidence in the future, the interim dividend is being lifted by 10 per cent, to 0.46p

Mr Geoffrey Simon, the chairman, says turnover—ahead from £2.84m to £3.17m—and gross profitability have shown continued growth with thriving sales of Leaderflush specialised doors and doorsets. But the initial and essential expense of developing Leaderflush Projects—set up to instal the group's products—is being charged against profits and took some £52,000 in the first half.

Additional interest charges—they are up from £12,000 to £40,000—are the results of a deliberate policy of recent capital expenditure on new offices, factory extensions, plant and machinery.

Parker, Winder & Achurch, which factors architectural ironmongery and security fittings, continues to increase sales

Over $3m advance by Camco at year-end

DESPITE the protracted recession in the petroleum industry, Camco, a subsidiary of Pearson, increased its pre-tax profits from $18.88m to $22.13m (£15.69m) in 1985. In the final quarter, however, profits were down from $6.28m to $5.67m.

Net sales for the full year improved from $168.79m to $175.35m. The pre-tax figure was after cost of sales totalling $110.98m ($105.9m); selling, general and administration expenses slightly lower at $42.18m ($43.02m), and interest charges of $1.1m compared with $1.03m. There was a gain of $1.04m this time on the sale of a subsidiary.

After tax up from $8.59m to $9.13m, net income came out $13m against $12.3m. Stated earnings per share improved from $1.868 to $1.77, and the dividend is raised from 36 cents to 42 cents.

In May 1985, the company sold its American Technology Corporation subsidiary to Citibank International Trading Company. An after-tax gain of 10 cents per share was recognised in the second quarter of 1985 as a result of this transaction.

The Tax Reform Act 1984 granted permanent foregiveness of tax on deferred income for domestic international sales corporations. The results for 1984 include recognition of a $2.2m or 30 cents per share reduction in the provision for income tax and increased net income for tax on income deferred in previous years.

During the fourth quarter, Camco purchased the operating assets of Coil Tubing and Nitrogen Services.

Record profits for BTR Hopkins

BTR Hopkins, the Australian-based financial services subsidiary of BTR, has announced record pre-tax profits of A$46.49m (£23m) for 1985, against a previous A$16.48m.

The directors, who are proposing a one-for-two scrip issue, have lifted the total dividend to 22.5 cents (14.5 cents) with a 12.5 cents (7.5 cents) final. Earnings are up from 37.6 cents to 71 cents per share.

The group's trading continues at a high level, the directors say, and they are seeking further expansion through acquisitions and internal growth.

Turnover rose to A$371.98m (A$115.74m).

Yeoman Trust

From earnings per share of 9.7p, against 3.79p, Yeoman Investment Trust is raising its dividend by 1p to 9.6p for the year 1985. The final is 6.1p.

At the year end the net asset value per share had moved up from 320.3p to 343.2p.

Gross revenue increased from £1.74m to £1.98m. Revenue balance came to £1.75m (£1.57m) and tax was £560,000 (£491,000).

Trust of Property

Net asset value per 5p share of Trust of Property Shares was 42.91p at December 31 1985, against 30.95p a year earlier. Net revenue for the year improved by 18 per cent from £26,857 to £31,703.

The directors of the investment trust are lifting the single dividend by 25 per cent to 0.5p, which will absorb £30,000. Net earnings are shown up from 0.448p to 0.528p.

Tax took £14,369 (£12,836).

Mid Wynd ahead

Mid Wynd International Investment Trust increased its net asset value to 184.2p at end-1985, against 173.1p a year earlier and 177.1p at end-June 1985. Its net revenue for the half-year to December 31 amounted to £57,000 against £38,000.

The interim dividend is raised to 1p (0.9p), and the directors expect to be able to recommend an increase on last year's final of 1.25p. Stated earnings are ahead from 0.78p to 1.14p but earnings for the second half are expected to show little change from last time.

Legal Notices

No. 00140 of 1985

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF TV-AM LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th day of January 1986 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the CAPITAL of the above-named Company from £14,040,000 to £4,683,389.40 by cancelling paid up capital to the extent of 80p in respect of each issued Ordinary Share of £1 and cancelling capital to the extent of 80p in respect of each Cumulative Participating Preferred Ordinary Share of £1 whether issued or unissued and (c) the confirmation of the reduction of the Share Premium Account of the company from £1,050,298.78 to £400,000 in accordance with the said Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Harman at the Royal Courts of Justice, Strand, London WC2 on Monday the 24th day of February 1986.

Any Creditor or Shareholder or Loan Stockholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and share premium account should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

DATED this 11th day of February 1986.

STEPHENSON HARWOOD, Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BS. Solicitors for the Company.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St, W1. 01-734 0557.

Caird spends £1.6m on property side

A. Caird & Sons, the Scottish property and investment company, is to pay £1.6m cash for four investment properties in the London area and the north.

This was announced yesterday along with a second set of interim results—the company has changed its year end—showing a profit of £101,000 against a previous loss of £89,000. The figures are not fully comparable, as those for the year ended January 31 1985 take in the group's previous activities, and are set against the outcome for the 11-month period to December 31 1985.

The properties, in Chelsea, Enfield, Liverpool and South Shields, are to be purchased from City of Westminster Assurance Company, and are part of a larger portfolio of nine properties, and have an annual rent roll of £151,000. The rest are to be bought by Grand Central Investment Holdings.

Caird believes that the two properties in London offer good prospects for capital growth and those in the north will be held for the income yield. The acquisition is financed by bank facilities.

The purchase is further evidence of Caird's move away from its previous activities of retailing and food distribution. It returned to its Stock Exchange listing last June having shed these problem areas, and now proposes to adopt new articles of association so that they are in line with modern practice. This motion, and the intended acquisition, will be put to an extraordinary meeting.

In addition, Caird is also proposing a reduction of capital in order to eliminate the adverse balance on distributable reserves and enable it to resume dividend payments to ordinary and preference shareholders. The last ordinary payment was in 1983.

Turnover for the 11-month period came to £408,000 (£1.8m). There was no tax charge, and the company retained profits of £116,000 (£66,000 loss). Earnings per share are stated at 2.2p (loss 2.3p). The new year-end will be June 30.

Grand Central's new look

Grand Central Investment Holdings yesterday gave details of a new strategy which it hopes will revitalise the group by establishing and developing plantation interests in the Far East and the Pacific basin.

It is to join with A. Caird in purchasing a portfolio of investment properties from City of Westminster Assurance Company, for a consideration equivalent to £2.58m. Annual rents currently total £193,000. The purchase will be satisfied by the issue of 10.31m new ordinary shares, of which 9.31m will be placed through the market by Laurence, Prust and Merrill Lynch International.

Existing shareholders can apply for up to 4.91m of the new shares at the placing price of 25p each on a one-for-three basis. The placing is conditional on the acquisition of the properties going through at an extraordinary meeting.

Mr Ishwar Nahappan, the chairman, said that by establishing a sound asset base of UK properties and sterling deposits, the company would be well placed to pursue its wider objectives.

The company also announced yesterday that it had received approval from the Sri Lankan authorities for the remittance of around £1.07m in compensation for the nationalisation of former assets, giving it sterling cash assets of £2.6m; and that it made a profit of £89,000 in the 1985 year against a previous loss of £16,000.

Better trend at Robert Lowe

SECOND HALF profits of £131,000 have given the Robert H. Lowe group of clothing manufacturers a total of £251,000 for the year ended October 31 1985, compared with a loss of £209,000.

There was some improvement in demand in the textile and clothing industry, but the main factor in the better result was the implementation of the internal reorganisation plans, the directors explain.

They say higher operating targets have been adopted and the rising trend in performance should continue through 1986.

At the interim stage of the current year the directors will re-examine the possibility of paying ordinary dividends—the final for 1981-82 was the last shareholders received. The payment of preference dividends was restored in 1983 and the arrears cleared, but to conserve resources the directors have decided against any ordinary payment.

Sales in 1984-85 improved from £7.98m to £8.16m, and there was a £471,000 turnround to a net operating profit of £361,000. Interest charges take £110,000 (£99,000). Earnings come through at 7.76p (loss 6.63p) per share.

With increased emphasis on design and marketing, the directors expect sales volumes to grow and so justify increased production facilities. Schemes are currently under review to make sure that additional financial resources will be available, but at the moment funding arrangements are adequate to sustain current trading levels.

There are extraordinary charges for the year of £48,000 (£431,000) which cover payments for compensation and [illegible] and incorporate settlement of the [illegible] claim by the former chairman.

NOTICE OF REDEMPTION

To the Holders of

WESTPAC BANKING CORPORATION

12¾% Subordinated Bonds due 1992

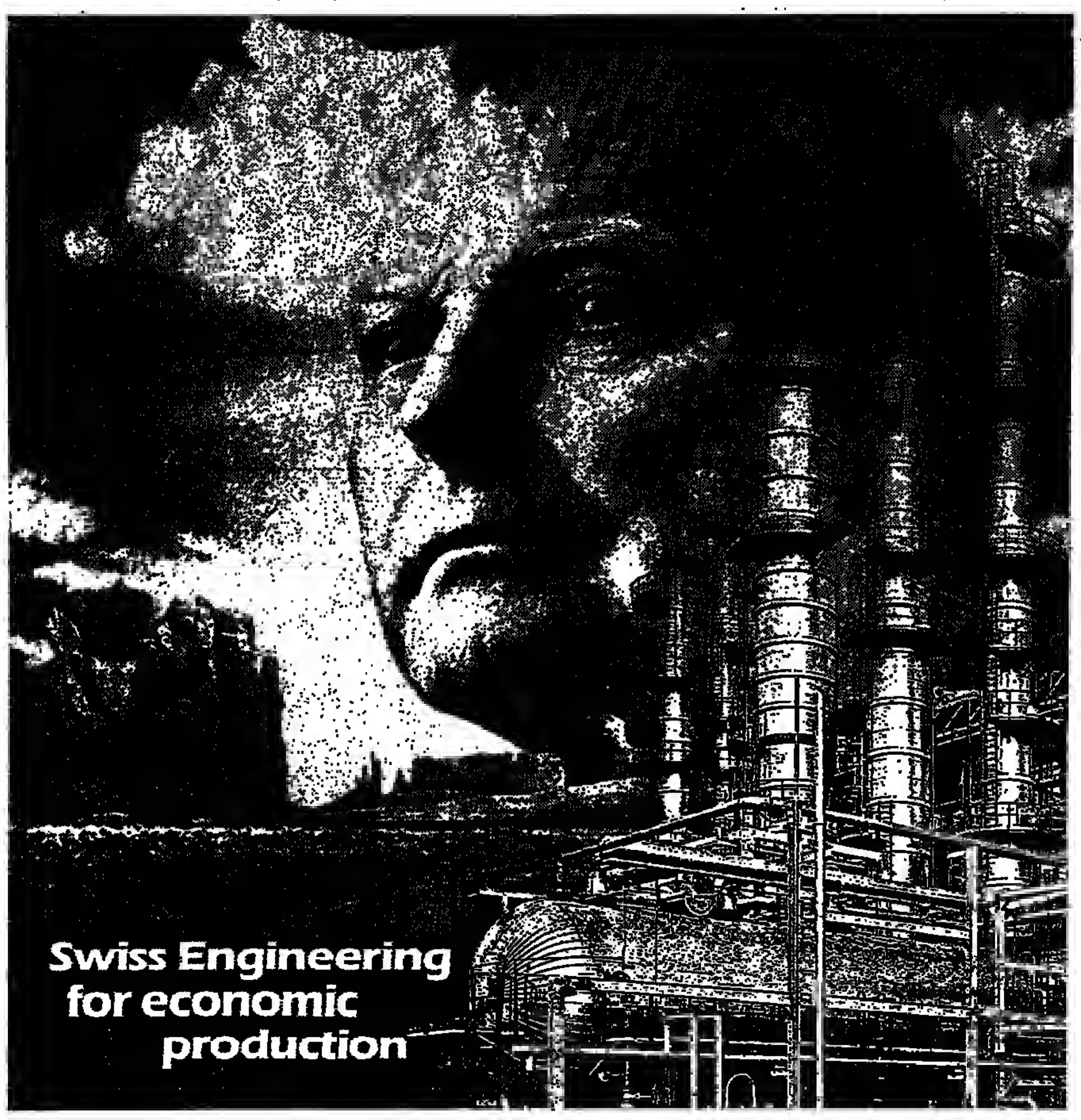
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated January 31, 1985, $8,000,000 principal amount of the above described Bonds has been selected for redemption on March 17, 1986 at a redemption price of 101¾% of the principal amount thereof, together with accrued interest to said date, as follows:

BONDS OF U.S. $5,000 EACH

On March 17, 1986, the Bonds designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. [illegible]

Dated: February 14, 1986

WESTPAC BANKING CORPORATION



EMS has been producing engineering plastics and synthetic fibres of the highest quality for over 30 years. Nevertheless, EMS is constantly developing new production processes with the aim of increasing its productivity.

This striking willingness for innovation is one of the reasons why EMS has gained a worldwide reputation as a specialist in polyamide and polyester fibres. Our know-how is based on the ideal combination of research and practical application.

We have at our disposal a team of engineers, technicians, planners and finance specialists, and it's a team which is well qualified to pass on the know-how that EMS has gained throughout the world. That's why we have over 180 manufacturing plants, all designed and realized by us, in all 5 continents of the world. A large part of the world's production of polyamide and polyester fibres is manufactured in these plants, as well as other synthetic fibres. They're built for companies who know that engineering means safety and reliability as well as modern technology.

If you're involved in industrial production anywhere in the world, or if you build industrial plants or even if you want to operate more economically, then we're just the right people to contact. You'll find us all over the world as we've got bases in every continent.

You can trust the EMS sign and as a Swiss chemical and engineering company, we can guarantee you the very best in quality, reliability, know-how and customer service.

EMS

EMS-INVENTA AG, CH-7013 Domat/Ems Telephone 081/36 01 11, Telex 74378

FT COMMERCIAL LAW REPORTS

Evidence based on unofficial samples to be considered by Gafta arbitrators

CHARLES E FORD v A FEE INC
Queen's Bench Division (Commercial Court): Mr Justice Bingham: February 12 1986

COMPREHENSIVE contractual provisions for the official analysis of samples to ascertain whether cargo complies with contract description do not, in the absence of clear words, exclude the buyer's right when asserting non-compliance or unmerchantability, to adduce evidence based on samples taken other than in accordance with the prescribed procedure.

Mr Justice Bingham so held when giving judgment for Charles E. Ford, buyers of cargo, on an appeal from a decision of the Board of Appeal of tha Grain and Feed Trade Association (*Gafta*) that evidence based on unofficial samples was not admissible in an arbitration claim by sellers, A Fee Inc.

Clause 17 of Gafta form 102 provides: "(a) Samples of each parcel shall be drawn . . . jointly by sellers and buyers or their representatives. If one party refuses to draw . . . the other . . . shall be entitled to request . . . the appointment of a substitute in accordance with the custom of the port or by application to the competent authority . . . (e) If required by buyers . . . samples . . . shall . . . be despatched to the official analysts of the Grain and Feed Trade Association for analysis . . ."

* * *

HIS LORDSHIP said that by a contract dated May 1 1984 the sellers sold 1,200 metric tons of US ground toasted soyabeans, payment to be cash against documents. The contract was in the Gafta form No 102.

The vessel arrived at Avonmouth on May 4-5 1984. The buyers noticed small pink and red particles among the hulk stow. They drew a sample on which they refused to take up and pay for the documents. It was said the goods were over-toasted.

Official samples also were taken during discharge for analysis by Gafta's official analysts. An official certificate was issued certifying that moisture, oil, protein and ash met the contractual percentages but no comment was made as to colour or degree of toasting.

The sellers pressed for payment. The buyers asked for time to see tha official analysis. No compromise was achieved and arbitrators were appointed.

The Gafta Board of Appeal, reaching the same conclusion as the first tier arbitration, excluded evidence based on the unofficial samples. It held thet the samples were taken other than in accordance with the prescribed contractual procedure and were therefore inadmissible.

On the present appeal the sole question for decision concerned the admissibility of that evidence.

It was agreed that if a buyer under Gafta 102 claimed to reject goods because they did not comply with contractual percentages, the parties' rights were strictly and exclusively governed by the procedure stipulated in clause 17.

The taking of joint samples under 17(a) was mandatory and the process could not be effectively obstructed by either party's failure to co-operate. The sampling procedure itself was governed hy detailed provisions in form 121.

Whether any of the samples was to be analysed depended in the first instance on the decision of the buyer (17(e)). If he suspected deviation from the contractual percentages he could call for an anlysis. If he omitted to do so or decided to taka a chance he was later debarred from doing so (17(g)).

The clause did not expressly provide that the first certificate was to be final and binding if neither party required a second analysis, but that was a necessary implication. The first certificate was to be final if a second analysis was not applied for or if further samples were not sent in time (17(h)).

If a second certificate was duly applied for and obtained, the mean of the two certificates was to be final unless the variation between them was more than one half per cent and one party and sent samples for a third analysis within the time limit (17(d) (a) and (b)).

If a third certificate was obtained the mean of the two analyses closest to each other was to be final and binding on both (17(e)).

That seemed a decisive, reasonably quick and relatively inexpensive way of determining whether ingredients complied with contract percentages.

But if the goods turned out to be contaminated hy a dangerous foreign substance of which tha buyer was initially unaware, he might have no cause to call for an analysis under 17(c). Even if he did call for an analysis be was unlikely to instruct the analyst under 17(f) to test for the unsuspected contaminant.

Was he thereafter to be debarred from adducing evidence of the contaminant in support of a claim to reject the goods or for damages?

That was the question in *Lindsay v European Grain [1963] 1 Lloyd's Rep 437, 444, 445, 446*. There the court, referring to tha Land Cattle Food Trade Association form no 6, noted that sampling on arrival of goods was mandatory but analysis was permissive, only coming into operation if required by the buyer.

The sellers had contended thet if buyers failed to request analysis within the time limit they were thereafter debarred from proving the presence of contaminatory ingredients by analytical evidence, though they might prove it by another kind of evidence.

Lord Diplock said: "The implication . . . appears . . . not merely unnecessary but contrary to common sense." Later he said that if the contract was to *modify* common law remedies or to prescribe one method to the exclusion of other for proof of e particular breach, "it is better done clearly and expressly rather then by relying on an implied term to that effect, for this is a field in which the courts are slow to find an implication of this kind."

Lindsay did not bear on the present question. Tha analysis there was made by the official analysts of an official sample. No question arose concerning tha legitimacy of taking a private sample or the ose which could be made of it if taken.

In describing the sampling of the goods as mandatory the court merely meant that that was a procedure which had to he carried out, and it was not concerned to consider whether samples could properly be taken in any other way or the use that could be made of them if they were.

So the present question must be resolved on the wording of the clause read in the context of the contract as a whole and the surrounding circumstances.

Was the effect of the clause so read, to render inadmissible evidence derived from samples not taken in accordance with 17(e)?

The draftsman could very easily have provided, had he wished, that in any arbitration proceedings no evidenee should he admissihie if hased on samples taken otherwise than in accordance with 17(a), but he did not do so. It was difficult to think of a convincing reason why a draftsman, having the intention whieh the sellers attributed to him, should not have done so.

The sellers did not contend that the drawing of any other samples was prohibited but expressly accepted in argument that the parties were free to take unofficial samples for their own purposes. The prohibition they sought to establish on the addncing of evidence found no support in the language of the clause and was the sort of implication on which the court frowned in *Lindsay*.

Clause 17 provided a comprehensive and exelusive code for the binding determination of disputes. As such, it was a useful and substantial provision. It served an obvious commercial purpose.

Bearing in mind that clear language was needed to exclude evidence ordinarily admissible to show a huyer was entitled to reject goods as not corresponding with contractual descriptioo or as unmerchantable, and the need for strict construction of a clause said to have that effect, and the courts' slowness to find an implication of that kind, the sellers' construction of the clause could not be upheld.

Tha weight to be attached to the evidence was e matter for the Board of Appeal. It might even emerge that the sample did not relate to the relevant eargo at all. But tha Board was wrong to excluda it from consideration altogether.

The eppeal was allowed.

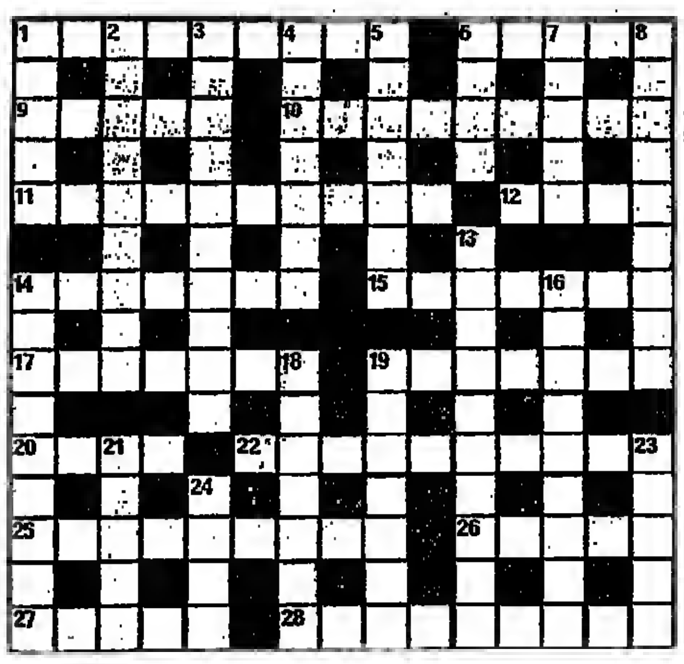
For the sellers: Christopher Corbet Russell (Hill, Dickinson and Co.).

For the buyers: Mark Havelock-Allan (Richards Butler and Co.).

By Rachel Davies
Barrister

THESE REPORTS are published in volume form with the full texts of judgments. For details contact Kluwer Law Publishing, Afriea House, 68 Kingsway, London WC2B 6BD. Phone: 01-831 0391.

F.T. CROSSWORD PUZZLE No. 5,948



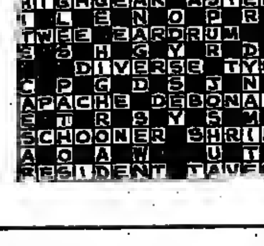
ACROSS

1 The one who shines in an astronomy class? (4,5)
6 A colour I call different! (5)
9 Two redheads ring in after Elizabeth makes a bloomer (5)
10 Nag girl into returning duty list to an air-crew member (9)
11 What they sell here is still produced (10)
12 Part of two articles the soldiers brought in (4)
14 Are not secretive about being holy (7)
15 Treachery for which there's a third-rate motive (7)
17 Uncle started troublesome engine brought round by someone inexperienced (7)
19 Type on form C "in power" (7)
20 Holly, 10, and Samuel's teacher are back (4)
22 The revolutionary agrees I must stand behind people, making beastly collections (10)
25 Having a screw that's not big enough? (9)
26 This bird always returns around the start of Easter (5)
27 Stagger left by the old city church (5)
28 Tha man involved, seated outside, will be judged (9)

DOWN

1 Way up river on a borse (5)
2 Makes a telephone call about the othere striking (9)
3 Incessantly repeated: "Shut up ebout sister being different" (10)
4 Could be a fine kick after a foul (7)
5 Hare left the day before, the soldiers last night (7)
6 Records obtained form a trunk, possibly? (4)
7 Dead right, subsequently (5)
8 Without doubt I can rely on cooking the turnip top inside — (9)
13 —an instrument which boils (d— odd!) (10)
14 Religious liar is put out (9)
16 Aware many inside will show emotion (9)
18 Promote the Spanish girl in France and return (7)
19 Cheek tha record first, standing up when there's e round of applause (7)
21 One way to ride plastic duck! (5)
23 Quietly show the ehildren around, hut go too fast (5)
24 *Mischievous soldiers turn* on the central heating (4)

Solution to Puzzle No 5,947.



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APPOINTMENTS

Great Portland Estates changes

Mr Basil Samuel, who has been chairman of GREAT PORTLAND ESTATES since it became public in 1959, has decided to relinquish the executive chairmanship. He has been appointed the first president and will remain a non-executive director. Mr Richard Peskin, deputy chairman and managing director, has become chairman and managing director. Mr Sidney Buchman has been appointed deputy chairman.

*

Mr Phillip Warren, formerly executive director of tha Welsb Development Agency, is to join the board of W. S. ATKINS & PARTNERS (WALES) as a non-executive director.

*

Mr L. A. Grosbard has resigned as managing director and Mr D. A. Sugden as director and secretary of SPEAR & JACKSON INTERNATIONAL. Mr Chris Harrison has been appointed a director and Mr Neville Peel director and secretary. This follows the acquisition of Spear & Jackson International by James Neill Holdings, of which Mr Harrison and Mr Peel are executive directors.

*

Mr Geoffrey Moore has been eppointed assistant director (petroleum purchasing) as part of a reorganisation in the management structure of the petroleum purchasing department et BRITISH GAS headquarters. This new post is concerned with policy formation end financial appraisal as back-up to the negotiating teams, and with the co-ordination of the petroleum purchasing department's work with other parts of the industry. Mr Moore was manager (policy and co-ordination). Mr Brian Thornley has been appointed personnel controller with responsibility for industrial relations, recruitment, training, management, development, manpower and remuneration planning and control at headquarters. He was personnel manager with British Gas South Eastern.

*

PRIMECUT FOODS, Kettering, has appointed Mr W. B. (Bill) Wright as managing director. He succeeds his father, Mr Bernard Wright, who hecomes executive chairman. Bill Wright was marketing director and is the current president of the British Frozen Food Federation.

*

Mr Ron Sibthorpe has joined CANNON ASSURANCE as head of administration. He was with Sun Life Unit Services.

*

SIGMA RESOURCES has aopointed Mr Ian Clark as its ehairman. He joins from Britoil where he was joint managing director.

*

HEUBLEIN INC (proprietor of Smirnoff vodka) has appointed Mr Jeremy J. Collis as vice president for the Europe, Middle East and Africa region, based in London. He was finance director for the region. His predecessor, Mr Bill Seawright, returns to Heublein's headquarters in Hartford, Connecticut, US, as senior vice president, international.

*

COVENTRY MOTOR & SUNDRIES CO has eppointed Sir Ian Wallace as a main board director. He was a director of Massey-Ferguson Holdings.

*

Mr Kevin Garvey has been appointed bead of financial control and business development division of COUTTS & CO. He has also been appointed an associate director of the bank.

*

Mr Thomas Collin has joined the board of the NORTH OF ENGLAND BUILDING SOCIETY. He was e manager in Barclays Bank, Fawcett Street, Sunderland.

*

Mr David Lucas has been made managing director of the new independent radio station, OCEAN SOUND, which is due to start broadcasting to Portsmouth and Sonthampton in October. He is currently managing director of Guildford's commercial radio station County Sound.

*

Mr J. G. Edwards has been appointed comercial director of BACOL INDUSTRIES, a Metalrax Group company. He is currently responsible for work study, production planning and control, purchasing and related functions.

*

ERICSSON INFORMATION SYSTEMS has appointed Mr John Sheldon as eontroller and director of finance, responsible for financial and management aspects of the various divisions of the company. Before joining Ericsson, Mr Sheldon worked for three years with Standard Motorists Ceotres, where he was finance director.

*

Mr Derek Taylor, a director with the National Nuelear Corporation, has joined the SIZEWELL "B" PROJECT MANAGEMENT BOARD, succeeding Mr Tony Wicks, who has retired. Mr Taylor is ooa of two NNC representatives on tbe six-man board which is responsihle for the design and, if it goes ahead, eonstruction of Britain's first pressurised water reactor (PWR) power station proposed by the Central Electricity Generating Board. He will have particular interest in nuelear safety, design and engineering matters.

*

Mr Roy Stew, formerly marketing director, has been appointed to the board of COMPUTATIONS STRUCTURED SYSTEMS as managing director. Mr Steve Tootill moves into the post of director, software, from his position of associate director. Both Mr Stew and Mr Tootill were founder members of Computations Structured Systems, Computations, wholly-owned UK subsidiary.

*

Mr Ray Hewitt has heen appointed managing director of KAYE (PRESTEIGNE). Ha was previously director and general manager of Wolverhampton Die Castings.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	122.1	130.6		1.00
Income & Growth	48.5	51.6	+0.5	2.90
Special Situations	69.4	74.3	+0.5	2.10
American Growth	32.1	34.4	+0.2	3.10
Japan Growth	40.8	43.4	+1.5	0.00
European Growth	52.4	56.1		2.90
UK Growth	46.8	50.1	+0.1	1.50
Pacific Growth	35.4	37.9	+1.5	0.70
High Income	29.2	31.3	+0.1	8.10
Practical Income Units	46.3	49.3	+0.5	2.70
Practical Accum. Units	83.2	88.6	+0.7	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd.	77.9	82.9	+0.6	2.75
Accum Units	115.2	122.6	+1.0	2.75
Pearl Inc.	104.3	111.0	+0.7	4.49
Pearl Unit Tst.	110.8	117.9	+0.6	3.54
(Accum. Units)	189.8	201.9	+1.0	3.54
Pearl Intl Equity	109.6	116.6	+0.4	1.72
(Accum Units)	109.6	116.6	+0.4	7.72

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	234.0	252.0	(z)	1.29
Income	167.5	175.1	(z)	5.25
Worldwide Recovery	131.5	141.2	(z)	1.97
American Growth	64.9	69.7	(z)	1.01
Intl. Emerging Cos.	70.5	75.7	(z)	0.67
Far East Growth Fd.	56.5	60.7	(z)	1.12
European Growth Fd.	48.2	51.7	(z)	2.0

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc	52.5	55.9	+0.2	4.90
Prolific Far East	126.3	135.8	+1.6	0.10
Prolific Extra Inc	72.7	77.1	+0.4	5.41
Prolific C'vert & Gilt	85.5	90.7	+0.4	6.95
Prolific High Inc	155.2	164.6	+0.9	4.41
Prolific Intl.	94.8	101.9	+0.6	1.75
Prolific N. Amer.	130.4	140.2	+0.3	2.16
Prolific Spec. Sits.	174.5	185.0	+0.3	0.82
Prolific Technology	110.6	118.9	+0.5	0.55

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Japan Inc.	60.7	64.6	+1.1	0.00
Japan Acc.	60.9	64.8	+1.2	0.00
Worldwide Inc.	61.5	65.5	+0.4	1.49
Worldwide Acc.	62.1	66.1	+0.4	1.49
European 7p Inc	75.7	80.6	+0.7	0.66
European Tst Acc.	76.0	80.9	+0.7	0.66

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh — 031-226 3271

American Fund	209.1	222.7	+1.4	2.16
(Accum. Units)	234.0	250.1	+1.5	2.16
(Withdrawal Units)	151.3	161.3	+1.0	2.16
Australian Fund	111.2	118.4		0.97
(Accum. Units)	112.4	119.7	0.97	0.97
British Fund	511.5	544.8	+1.4	4.41
(Accum. Units)	680.5	725.2	+1.9	4.41
European Fund	237.8	253.3	+1.8	0.96
(Accum. Units)	250.4	266.8	+2.0	0.96
Japan Fund	242.2	258.0	+2.7	0.38
(Accum. Units)	242.9	258.8	+2.7	0.38
Saints PPP	143.6	153.2		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham — 0403 56293

Equity Tst	348.9	371.1	+1.2	2.52
North America	54.4	57.8	+0.2	1.69
Far East	60.7	64.5	+1.1	0.63

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc.	27.0	29.4	+0.6	1.7
American Income Acc.	27.5	29.3	+0.1	4.3
American Income Inc.	27.3	29.0	+0.2	4.3
European Growth Acc.	43.2	46.0	+0.2	1.90
Far East Growth Acc.	31.5	33.5	+0.4	0.7
Intl. Growth Acc.	29.3	31.2	+0.3	0.8
Japan Growth Acc.	58.6	61.1	+0.8	0.3
UK Growth Acc.	31.7	33.7	+0.3	2.2
UK Income Acc.	28.3	30.1	+0.2	4.2
UK Income Inc.	27.6	29.4	+0.2	4.3
Managed Growth Acc.	34.2	36.4	+0.1	2.1
Managed High Yield Inc.	32.6	34.7	−0.1	4.8
Managed Income Inc.	29.2	31.1	+0.2	4.0

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist.*	241.9	255.9	....	3.84
Equity Acc.*	291.8	307.9	—	3.84
Fixed Int. Dist.†	112.8	116.8	....	11.58
Fixed Int. Acc.†	165.4	171.3	....	11.58

*Prices on Feb 12. Next dealing Mar 12
†Prices on Feb 5. Next dealing March 5

TSB Unit Trusts (b) (x) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-3

TSB American	108.0	114.9	+0.3	1.09
Do. Accum.	112.4	119.6	+0.2	1.09
TSB Extra Income	96.3	102.7	+0.7	5.67
Do. Accum.	111.1	118.2	+0.8	5.67
TSB General	142.1	151.2	+0.8	2.90

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL — 0793 28291

Fixed Int. Dep. Acc.	213.9	224.7	+0.3	—
Equity Acc.	571.3	601.4	+9.3	—
Property Acc.	309.6	325.9		—
Far East Acc.	115.8	121.9	+0.8	—
Managed Cap.	286.2	301.3	+2.6	—
Managed Acc.	461.5	485.8	+5.0	—
O'seas Earnings Acc.	377.8	397.7	+7.7	—
Gilt Edged Acc.	245.0	257.9	+1.7	—
American Equity Acc.	337.3	355.1	−0.1	—
American Man. Acc.	162.5	171.1	−0.1	—
American Prop. Acc.	123.4	129.9	−0.3	—
Pen. F.I. Dep. Cap.	234.9	247.3		—
Pen. F.I. Dep. Acc.	358.1	377.0		—
Pen. Prop. Cap.	378.5	398.5		—
Pen. Prop. Acc.	637.6	671.2		—
Pen. Man. Cap.	579.5	610.1		—
Pen. Man. Acc.	974.9	1026.3		—
Pen. Gilt Edg. Cap.	251.8	265.1		—
Pen. Gilt Edg. Acc.	346.1	364.4		—
Pen. Eq. Cap.	928.3	977.2		—
Pen. Eq. Acc.	1183.5	1245.8		—
Pen. Am. Eq. Cap.	131.1	138.1		—
Pen. Am. Eq. Acc.	141.0	148.5		—
Pen. Far East Cap.	129.2	136.1		—
Pen. Far East Acc.	138.9	146.3		—
Pen. B.S. Cap.	247.5	259.9		—
Pen. B.S. Acc.	367.2	385.6		—
Pen. D.A.F. Cap.	198.3	198.3		—
Pen. D.A.F. Acc.	262.1	262.1		—
Pen. Mortgage Cap.	111.3	117.2		—
Pen. Mortgage Acc.	119.7	126.1		—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN — 01-680 5225

Equity Acc.	266.0	280.0	+3.7	—
Property Acc.	253.6	267.0	+7.5	—
Int. Acc.	189.8	199.8	−0.6	—
Managed Acc.	234.1	246.5	+1.9	—
Spec. Sits Acc.	202.8	213.5	+3.3	—
Investment Tst Acc.	113.7	119.7	+0.6	—
Pen. Int. Acc.	206.7	217.4	−1.8	—
Pen. Prop. Acc.	315.9	332.2	+8.8	—
Pens. Equity Acc.	400.1	421.2	+6.2	—
Pen. Mngd. Acc.	258.4	272.1	+1.1	—
Pens. F & C Man. Acc.	120.9	127.3	+2.7	—
Pens. Inv. Trust Acc.	133.0	140.1	+1.6	—

Prices for other funds available on 01-377 8682

Cornhill Insurance PLC
57 Ladymead, Guildford — 0483 68161

Equity Fd (A&B) Feb 12	211.0	222.4	+4.0	—
Fixed Int. (A&B) Feb 12	156.0	163.9	+1.0	—
Man. Growth (A&B) Feb 12	457.3	482.0	+8.5	—
Money Fd (A&B) Feb 12	135.5	143.0		—
Cap. Fd (A&B) Jan 15	318.0			—
G.&S. Spec. Fd (A&B) Jan 15	135.9			—
FarEastEqty (A&B) F'b 12	129.5	136.5	+1.5	—
N.Amer. Eqty (A&B) F'b 12	119.0	125.5	−0.5	—
Intl Technlgy (A&B) F'b 12	102.0	107.5		—
Property (A&B) Feb 5	133.0	140.5	+2.0	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV .. $14.99

World Wide Growth Management
10a Boulevard Royal, Luxembourg
Worldwide Gth Fd. $15.11 +0.03
Inv Adv: M & G Inv Mngt. Ltd London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $11.34 +0.22
Dynamic Gwth Fd $11.47 +0.17

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund 520.69 11.95

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.10			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	12.35	8.75	12.99	6mth
7-day Fund	12.32	9.11	13.53	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	12.41	9.29	13.58	6-Mth
7-day Fund	11.90	0.90	13.00	6-Mth
Dollar	6.87	–	–	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031 225 8484				
Full Service Cur Acc	11.50	8.50	12.53	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	11.75	0.78	12.97	Qtr
Mth. Int Chq	11.75	0.78	13.06	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AO 01-283 9113				
AIBCA	13.00	9.72	14.52	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	12.15	9.00	13.53	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.125	13.49	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Carr Allen	11.75	8.78	13.06	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.00	8.96	13.39	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.13	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus		9.34	13.93	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.00	8.97	13.24	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	12.50	9.34	13.93	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	12.15	9.00	13.53	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	12.04	9.00	13.34	6-Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.78	9.00	13.30	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.500	9.344	13.349	–
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.00	8.97	13.37	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	11.71	8.75	12.92	Qtr
£10,000 +	12.04	9.00	13.30	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt Acct.	11.875	–	–	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	12.25	9.16	13.54	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	12.50	9.34	13.93	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.15	9.08	13.42	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.49	8.75	13.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.38	9.25	13.68	Qtr
Money Acc.	12.04	9.00	13.24	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.75	8.78	13.06	Mth
Over £10,000	12.00	8.97	13.36	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	12.69	9.48	14.03	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int.Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp	27	Midland Bk	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	23
Blue Circle	50	Racal Elect	15
Boots	18	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	9½
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brist. Oil & Min	3½
Hanson Tst.	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	68	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Sackings hit Impala platinum output

By Stefan Wagstyl

IMPALA PLATINUM, South Africa's and the world's second largest platinum company, has run into difficulties replacing the 23,000 workers—two-thirds of the payroll—sacked after a strike in January.

Officials of Gencor, the South African mining and industrial group which has a 43 per cent stake in Impala, said yesterday that although there were no fundamental difficulties, recruitment was taking longer than had ben expected. Processing and training new workers and putting them into teams was taking time.

The officials admitted that Impala was losing production but dismissed a suggestion by London stockbroker L. Messel, part of the Shearson Lehman Brothers group, that, at worst, Impala could lose 300,000 ounces of platinum in 1986, or nearly one third of normal ontput.

L. Messel said in its weekly Messel Minning Review that since Impala's mines were in the Bophuthatswana "homeland" 65 per cent of the workforce had to be Tswana people. And since there was only a small pool of experienced Tswanas it would take a considerable amount of time before enough suitable replacements were found.

The broker does not expect Impala to reach full production again until July and warns there could be an enormous squeeze in the platinum market over the next six months. World supply last year amounted to some 2.9m ounces.

● CHINA'S National Nonferrous Metals Import and Export Corporation has given export orders to two Japanese firms to help build a 100,000 tonnes a year zinc refinery in the Xibei non-ferrous metals complex in Lanzhou City, Gansu Province, reports Reuter from Tokyo. The two companies, Mitsui Mining and Smelting Company and Teho Zinc Compyan, said work on the refinery, which will also produce 200,000 tonnes a year of sulphuric acid, will begin early next year and should be completed in July, 1988.

● TECK Corporation and Amax are to suspend operations indefinitely from April 14 at the Daniel's Harbour, Newfoundland, zinc mine because it cannot operate profitably at current market prices. Teck, which owns 63 per cent of the mine, said it had at least two years of reserves remaining but reopening would depend on zinc prices recovery and possible steps to reduce operating costs. The mine produced 40,000 tonnes of zinc in 1984, the last full year for which figures are available.

● COMALCO of Australia said it had understated its 1985 primary aluminium production by 27,000 tonnes in annual figures issued on January 24. The correct figures is 435,781 tonnes, up from 390,016 in 1984.

● AUSTRALIAN, Brazil, Cuba and the EEC, the world's four biggest sugar exporters, will hold talks on the possibility of negotiating an International Sugar Agreement with economic provisions in London on February 20. The present pact, which started in January, 1985, has no price stabilisation provisions.

W German scrap dealer files for bankruptcy

BY STEFAN WAGSTYL

ANDREAS ZIERINGER Metalhuette, Metallgrosshandel, a leading West German scrap metal merchant specialising in copper, has filed for bankruptcy, sending shock waves through the European metals market.

On the London Metal Exchange, copper dealers said that trading has been nervous since news that Zieringer had run into financial difficulties filtered out late last week. It is understood that LME traders dealing with the West German company liquidated contracts for some 12,000 tonnes of copper — worth about £12m — on its behalf.

LME treding were trying yesterday to assess the impact of the bankruptcy on other West German metals companies, which like merchants everywhere often trade heavily with each other. In Hamburg one leading trader said that Zieringer had run into difficulties after another company had experienced trooble meeting its trading obligations. Zieringer, based at Bensheim, near Mannheim, had a turnover of some DM 500m (£212m) a year trading extensively in non-ferrous scrap throughout West Germany and abroad.

Mr Hans Zieringer, the company's owner, whose father founded the business, was unavailable for comment yesterday.

A judge at the district court et Bensheim is to decide, probably today, wbether officially to open bankruptcy proceedings.

Zieringer's difficulties first emerged into the open last Friday wben Mr Zieringer said his company had started negotiation with its bankers so as to avoid filing for bankruptcy. It is clear that Zieringer was unable to file for a court supervised bankruptcy, or Vergleich, under whicb a company agrees to pay off 35 per cent of its debts and creditors write off the rest.

The Zieringer collapse comes at the worst possible time for the LME, which is already suffering e heavy fall in brokerage income as a result of the tin crisis. Traders said yesterday that while it was highly unlikely Zieringer would have directly caused substantial losses at any LME ring-dealing member. the exchange could ill afford a big loss of confidence among West German merchants, who are among its most important customers.

Heinold commodities to be sold

BY ANDREW GOWERS AND A SPECIAL CORRESPONDENT IN CHICAGO

ANOTHER MOVE in the recent spate of mergers and acquisitions in the US futures industry emerged yesterday, with the announcement that Heinold Commodities, the large international commodity and futures trading subsidiary of Dekalb Corp, is to be sold.

Dekalb, an energy and agribusiness concern based in Dekalb, Illinois, said negotiations are underway with Conagra, a commodities and food company based in Omaha, Nebraska, and that a deal should be concloded "in the oear future."

Heinold, one of the largest specialist commodities and futures brokerages in the US, employs more than 800 staff, including 450 brokers, in 119 offices in the US and Western Europe. It is a member of 22 exchanges.

The company was established in 1948, originally as two separate companies with close links with farmers, Heinold Hog and Heinold Cattle Markets, and was in at the start of the Chicago Mercantile Exchange's successful livestock futures contracts in the early 1960s.

It now deals in both agricultural and financial futures but it has been hit, like many others, by declining trading volumes in the traditional agricultural contracts in Chicago. Last year, the volume in financial contracts overtook activity in the agriculturals for the first time, according to company executives.

The possible sale follows the purchase by Refco, the fast-expanding Chicago brokerage group, of Donaldson Lufkin Jeanrette's futures subsidiary, DLJ Futures, last summer, and of Continental Grain's ContiCommodities operation the previous year. Both led to substantial numbers of lay-offs in the companies conceroed.

Conagra said Heinold would he "a good fit" with its existing futures business, Geldermann, which does 60 per cent of its business in financial contracts.

Neither company would discuss terms, and Conagra denied speculation that the sale would lead to a large number of lay-offs at Heinold.

"Heinold will operate as an independant operating company. Rumours of large numbers of lay-offs are totally off-target and irresponsible," the company said.

Dekalb, which explores for and produces oil and gas in the US and Canada, bas been hit recently by the fall in energy prices. But Mr John Stafford, vice-president of finance for Dekalb, declined to specify to what use the proceeds of the sale would be put. The sale represented "a reallocation of a minor part of our balance sheet," he said.

Heinold represented less than 10 per cent of its capital, he said.

Crop loss insurance a 'costly disappointment'

BY MARY CHERRY

ATTEMPTS TO insure farmers around the world against loss of crops resulting from natural or climatic causes have been an "expensive disappointment," according to a study just published by two US-based agricultural research institutes.

The report*, carried out under the auspices of the International Food Policy Research Institute and the Inter-American Institute for Co-operation on Agriculture, concludes that by any measure of economic costs and benefits, such programmes have failed.

They have required substantial subsidies, and the objectives of increased production and stabilised farm incomes have been achieved—if at all—only at substantial government costs which have mostly surpassed the value of any benefits.

"These programmes are supposed to encourage more modern, efficient and expanded agricultural prodnction by reducing risks to farmers' incomes," it says. "In their efforts to promote and sustain crop insurance, governments spend hundreds of millions of dollars in subsidies each year to cover the difference between the premiums farmers pay for crop insurance and the administrative costs and indemnities paid to farmers."

Most of the benefits have accrued to large-scale prosperous farmers, and in some cases, compulsory crop insurance has actually reduced farm output and increased consumer prices, it adds.

In Japan, mandatory crop insurance for rice is reckoned to have added about 71,000 tonnes to a supply that already exceeded total domestic needs.

** Crop insurance for agricultural development: issues and experience; edited by Peter Hazell, Carlos Pomareda and Alberto Valdes; Johns Hopkins University Press.*

US farmers facing foreclosure

By Nancy Dunne in Washington

IT IS the beginning of the end for thousands of US farmers who are now receiving letters from the Department of Agriculture's Farmers Home Administration asking them to renegotiate their debts or face foreclosure.

Many, however, will not really have a choice. The Farmer's Home Loan is the sector's "lender of last resort." It holds $28bn of the nation's estimated $210bn agriculture debt, and it is preparing to collect $5.8bn from 65,000 of the most severely delinquent farmers.

The agency announced in December that it would be sending notices to all borrowers behind in their payments by more than one year and $100.

About 27,000 farmers who are more than three years behind in their payments are considered likely to fail. The rest may have their loans rescheduled if it seems likely they can repay new debts.

Christopher Stobart urges greater efforts in metals marketing

Why cutting costs is not enough

"I believe that the future belongs to the low-cost producer. To Amax, this means concentrating on resources and technology where we can be in the lowest quartile of world production costs"—Mr Allen Born, chief executive, Amax.

"The entire industry has managed some spectacular, if often temporary, cost reductions"—Sir Alistair Frame, chairman, Rio Tinto-Zinc.

These comments from leading figures in the international mining industry underline the priority given by base metals producers to cost-cutting in responding to depressed metal prices since 1981. In the short term, this policy may be the only way for companies to ensure their survival but cost-cutting alone is self-defeating when adopted by a mining industry where the fundamental problem is excess capacity. Reducing costs keeps in production mines which would otherwise have closed. Thus it perpetuates excess capacity, which helps to keep prices low.

While competing fiercely with each other to reduce production costs, the producers of base metals have tended to ignore the fact that they also face severe competition from other metals and industrial materials. For example, plastics compete with aluminium in window frames, and with copper in plumbing and drainage pipes; optic fibres compete with copper in telecommunication cables.

In each case, price alone does not determine the choice of materials; if that was so, depressed metal prices would have given a powerful boost to demand. This had not happened; it has not even halted the trend towards the miniaturisation of metal products. Instead, the materials which expand their markets or win new ones are the ones whose producers invest consistently in product development, in publishing their products and in training consumers to use them.

Marketing and applied research are the keys to increasing the volume of demand for industrial raw materials, et e time when the industries that consume these materials worldwide (such as construction, transport or power transmission) are growing slowly, if at all. Since pressure on profit margins alone has not eliminated excess metal capacity, cost-cutting should be supplemented by investment in enlarging (or at least protecting) demand.

The mining industry accepts this concept in theory, but in practice most companies are doing quite the opposite. Producers of base metals, with the partial exception of aluminium, have traditionally spent little on promotion and research into new applications; most mining companies now regard even that small expenditure as another cost that can be cut. The result is that end-use markets for base metals are being consistently lost to alternative materials (notably plastics) which are more effectively marketed.

The copper industry provides a good illustration of this neglect of marketing. Various copper producers and fabricators support development associations in 19 countries; their task is to defend and enlarge end-use markets for copper, and promote new ones. Some producers also finance the International Copper Research Association (Incra), whose task is to commission research designed to assist the consumption of copper.

The total income of all the copper development associations in 1985 was only $8.25m; the US association accounted for more than half of that total, and faces a 40 per cent cut in income in 1986. Incra's budget was $2.45m in 1985; it will restrict the cut in expenditure this year to 25 per cent only by using up all its cash reserves. The copper industry's investment in marketing and research through these organisations in 1985 was about 0.1 per cent of the total valne of sales of refined copper; in 1986 it will be even less. In market-led industries such as plastics or wool, the comparable figure would be between 3 and 5 per cent of turnover.

The decline in investment in marketing is no sudden response to recession; it has been continuous for the past 12 years at least and stems from basic features of the copper industry. The fact that copper is a commodity means that it must be promoted by producers and fabricators collectively, but it is hard to ochieve that collective action because the structure of the copper industry has changed radically. The degree of integration between mining, smelting and fabricating is decreasing. The industry is becoming more fragmented: the largest miner, Codelco of Chile, has 16 per cent of world output, hut most other major ones have less than 5 per cent. The industry is also migrating away from North America towards developing countries; of the 12 largest copper miners, seven are located in the Third World.

Up to now, North American producers, which once dominated the industry, have made the largest contributions to the co-operative marketing of copper. This year's cuts show that they are no longer willing to sobsidise competitors who contribute little of nothing. Other companies are reluctant to support co-operative marketing organisations because they doubt the effectivenes of their work or cannot see a direct return for money spent in this way.

One initiative now under way stems from Rio Tinto-Zinc and the West German fabricater, Kabelmetal, with support from Codelco. Designs have been commissioned for an advertising campaign to improve the image of copper in Europe. The campaign itself is not yet financed, however, and there are doubts over its benefits to the industry without much stronger development associations to capitalise upon its impaet.

However, this proposal is likely to be implemented so long as third world producers remain reluctant to replace the US as the major source of finance. Codelco makes a modest contribution, but attempts to increase this are currently blocked at the highest level. Gecamines, in Zaire, faces a similar obstacle and ZCCM, in Zambia, cannot contemplate any extra foreign expenditure. Without a new perception of the importance of marketing among these and other producers and consumers of copper, their metal will continue to lose ground against competing materials, and the profitability of copper producers wil remain under pressure from persistently low prices.

Christopher Stobart is o director of Commodities Research Unit.

LONDON MARKETS

COFFEE prices fell sharply on the London futures market yesterday as traders continued to follow the trend in New York. The May position closed at £2,437.50 a tonne, adding £31.50 to Wednesday's £47.50 fall, which had marked the end of a £310 rally from the low reached on Wednesday of last week. Prices were steady in the morning, but in very thin business. And New York's failure to rise on the reopening signalled a new wave of selling. Traders said the London coffee market had been looking slightly "top heavy" and overdue for a downward technical correction. But they noted that producers still appeared unwilling to sell at these prices and saw the decline of the last two days as temporary. Fundamentals remain strongly bullish in the medium to longer terms, they said, especially with the Brazilian frost season coming ever nearer.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

COPPER

LEAD

NICKEL

ZINC

GOLD

SILVER

MEAT

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

COCOA

Futures opened a little steadier on trade buying but lost ground later. Physicals were reasonably active with light selling from the producers and forward covering of products from the consumer side, reports Gill and Duffus.

COFFEE

FREIGHT FUTURES

GRAINS

US MARKETS

PRECIOUS METALS came under pressure on disappointed long liquidation and overseas selling, reports Heinold Commodities. Copper and aluminium attracted scattered support from arbitrage buying and light physical activity. Sugar traded modestly lower on the postponement of a Syrian buying tender. Cocoa weakened on fresh selling linked to the lack of cash interest. Coffee traded sharply lower to limit-down on technical selling. Cotton moved sharply higher to limit-up in old crop and sharply lower in new crop in response to the USDA announcement of 1986 cotton programme details. The energy complex firmed on profit-taking and better cash demand in Europe.

NEW YORK

CHICAGO

SOYABEAN MEAL

SUGAR

RUBBER

OIL

SPOT PRICES

POTATOES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar very weak against yen

The dollar gained only temporary respite from the comment from Mr Gerhard Stoltenberg, West German Finance Minister, that the US currency had fallen far enough. After a brief pause the dollar continued to weaken, finishing in London near the lowest of the day, and particularly depressed against the Japanese yen. A disappointing rise of only 0.1 per cent in January US retail sales added to the general weakness of the dollar.

It fell to Y182.15, from Y186.60, the lowest since October 31, 1978, and declined to the weakest level since January 1983 in terms of the D-mark and Swiss franc, at DM 2.3480 against DM 2.3670, and SFr 1.9445 against SFr 1.9675. The dollar also fell to FFr 7.2225 from FFr 7.2625.

On Bank of England figures the dollar's exchange rate index fell to 121.0 from 121.5, the lowest since March 1983.

STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.0525. January average 1.4246. Exchange rate index fell 0.3 to 73.7, compared with 82.0 six months ago.

The threat to the market in North Sea oil forward trading, as some operators refused to honour their commitments, and the lack of popularity of the UK Government, according to the latest opinion poll, tended to further undermine confidence in sterling yesterday. The pound gained 60 points to $1.4175-1.4185 against a very weak dollar, but lost ground to most other major currencies, falling to DM 3.33 from DM 3.3425; FFr 10.2425 from FFr 10.2550; SFr 2.7575 from SFr 2.7775; and Y258.25 from Y263.50.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.3480. January average 2.4392. Exchange rate index 132.5 against 126.7 six months ago.

The D-mark rose in line with the yen and Swiss franc in nervous Frankfurt trading. The dollar was fixed at its lowest level since January 13, 1983, falling to DM 2.3546 from DM 2.3605. The fixing session was unusually long, with dealers wondering whether the Bundesbank would intervene to set a floor under the US currency, but the central bank remained out of the market. Speculation about a possible realignment of the European Monetary System, after next month's French elections, involving an upward adjustment of the D-mark, appears to be causing distortions in German money supply growth. Funds attracted into the D-mark pushed money supply growth up by about 10 per cent in January, compared with the target range of 3½ to 5½ per cent.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 182.15. January average 199.95. Exchange rate index 191.7 against 157.1 six months ago.

The yen rose sharply in hectic Tokyo trading, pushing the dollar to its lowest level since November 1, 1978. Trade was virtually all one way and dealers doubted whether the US currency had yet found its lowest point. Thoughts began to turn to a possible test of the record low of Y175.50 at some time within the near future, unless the Japanese authorities make a more positive attempt to stem the decline. This will probably have to involve another cut in the Bank of Japan's discount rate and determined buying support for the dollar by the central bank. The lowest point touched yesterday was Y183.20, and the dollar closed at Y183.50 in Tokyo, compared with Y186.55 on Wednesday.

£ IN NEW YORK

Close	Feb. 10	Prev. close
£ Spot	$1.4180-1.4190	$1.4105-1.4115
1 month	0.52-0.50pm	0.51-0.00pm
3 months	1.58-1.54pm	1.56-1.03pm
12 months	5.26-5.15pm	5.30-5.10pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Feb 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4070-1.4190	1.4175-1.4185	0.53-0.50c pm	4.36	1.60-1.56pm	4.46
Canada	1.9785-1.9905	1.9875-1.9905	0.04c pm-0.05dis	−0.03	0.40-0.26pm	0.66
Nethlnd.	3.75¼-3.78½	3.75½-3.76½	2⅛-1⅞c pm	0.38	6¼-6⅛pm	2.65
Belgium	68.04-68.43	68.30-68.40	16-8c pm	2.11	33-21pm	1.58
Denmark	12.27¼-12.31½	12.28½-12.30	4⅞-3⅞ore pm	4.15	14½-12⅞pm	4.38
Ireland	1.0995-1.1062	1.1001-1.1011	0.30-0.15p pm	2.45	0.80-0.40pm	2.18
W. Ger.	3.32-3.34½	3.32½-3.33½	2¾-2pf pm	7.96	6¾-6½pm	7.96
Portugal	216¼-210	216½-217¼	275-590c dis	−23.09	600-1036dis	−15.07
Spain	209½-210¼	209½-209¾	30c pm-10dis.	−0.57	15-120dis	−1.38

CURRENCY MOVEMENTS

Feb. 13	Bank of England Index	Morgan Guaranty Change %
Sterling	73.7	−17.6
U.S. dollar	121.0	+11.1
Canadian dollar	79.1	−16.4
Austrian schilling	133.7	+6.0
Belgian franc	93.5	−8.0
Danish Kroner	84.5	−9.1
Deutsche mark	132.5	+10.3
Swiss franc	153.0	+15.5
Yen	191.7	+41.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

DOLLAR SPOT—FORWARD AGAINST DOLLAR

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8½-8¾ per cent; three years 8⅞-9⅛ per cent; four years 9⅛-9⅜ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY RATES

* CS/SDR rate for Feb. 12: N/A.

OTHER CURRENCIES

FINANCIAL FUTURES

Firmer bonds

Dollar denominated interest rate contracts firmed in early afternoon trading on the London International Financial Futures Exchange yesterday. March delivery US Treasury bonds touched a contract high on news that US Treasury retail sales rose only 0.1 per cent, against expectations of a rise of 0.7 per cent to 1.0 per cent, and compared with 1.9 per cent in December. The contract was trading at 86-11 around 1.30 pm, just before the figure was announced, and touched 86-27 on the news, before settling back to around 86-18, on Wednesday. March Eurodollars rose slightly from 91.94, before the announcement, to 91.99, but also fell back to finish at 91.98, compared with 91.94 at the previous settlement.

The recent strength of Treasury bonds futures was also underpinned by expectations of further demand for US paper from Japan, where the finance ministry is to allow the setting up of mutual funds, that can invest half their funds in foreign bonds. Encouraging prospects for US inflation, because of the recent fall in oil prices, remained another supporting factor.

The preliminary UK money and banking figures, which caused some surprise in financial markets earlier this month, were confirmed by the final figures yesterday. In the absence of any other factors the long gilt gained some strength from the US retail sales figure, and March delivery closed near the day's high at 110-03, compared with 109-29 on Wednesday. Volume was good in long gilt futures, but remained sluggish in the short sterling contract as interest rates showed little sign of movement on the London money market. March three-month sterling deposits finished in the middle of the day's range at 87.30, compared with 87.34 previously.

CURRENCY FUTURES

STERLING INDEX

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

CHICAGO

MONEY MARKETS

Quiet trading in London

It was another very quiet day on the London money market, with dealers seeing little prospect of a change in interest rates for some time, although there were signs of nervousness that the weakness of the dollar was disguising a gradual decline in the overall value of sterling. Three-month interbank was virtually unchanged throughout, finishing at 12⅞-12¹³⁄₁₆ per cent, compared with 12²⁷⁄₃₂-12²⁵⁄₃₂ per cent on Wednesday. Discount houses buying rates for three-month bank bills eased to 12⁹⁄₁₆-12⁷⁄₁₆ per cent from 12⅝-12½ per cent.

The Bank of England initially forecast a money market shortage of £300m, but changed this to £500m at noon, and provided total help on the day of £467m, all through outright purchases of bills at unchanged rates.

Before lunch the authorities bought £136m bills, by way of £52m bank bills in band 1 at 12⅝ per cent; £32m bank bills in band 2 at 12⁹⁄₁₆ per cent; £31m bank bills in band 3 at 12½ per cent; and £21m bank bills in band 4 at 12⁷⁄₁₆ per cent.

In the afternoon another £331m bills were purchased, through £176m bank bills in band 1 at 12⅝ per cent; and £155m in band 2 at 12⁹⁄₁₆ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £685m, with a rise in the note circulation absorbing £25m. These outweighted Exchequer transactions adding £350m to liquidity, and bank balances above target by £60m.

In Frankfurt call money rose to 4.45 per cent from 4.30 per cent as liquidity drained from the money market. The Bundesbank paid only DM 5.8bn to banks yesterday, through a securities repurchase agreement, while DM 11.1bn drained from the market as an earlier agreement expired. Banks are reported to have ample supplies of reserve assets this month, and with the market particularly liquid yesterday's withdrawal of funds was easily absorbed. The Bundesbank is expected to introduce a previously announced cut in banks minimum reserve ratios at the beginning of May. Although this will put some DM 8bn into the market the net effect will probably be neutral, because the central bank will cut the amount of help given through securities repurchase agreements.

UK clearing banks base lending rate 12½ per cent since January 9

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⅞
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	7.04
Two month	7.03
Three month	7.34
Six month	7.56
One year	7.87
Two year	8.05
Three year	0.18
Four year	8.31
Five year	0.40
Seven year	9.71
10 year	8.85
30 year	9.09

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 13)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Feb. 13	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.4 4.0	4.4-4.0	4.4-4.0	4.40-4.55	4.45-4.50	5.0
Paris	9	8⅞ 9	8⅞-9	8¹⁵⁄₁₆-9¹⁄₁₆	8¹⁵⁄₁₆-9¹⁄₁₆	8¾
Zurich	7⅞-1⅛	3⅝-3⅞	—	3¾-4	—	—
Amsterdam	5¼ 5⅜	0⅞-5⅛	—	0¾-5⅛	0¾-5⅛	—
Tokyo	6.84375	6.90625	—	6.03125	—	—
Milan	18⅞ 17⅛	10⅞-17¼	—	16⅛-16⅛	—	—
Brussels	8.50	9⅝ 9⅞	—	9¾-10	2⅛-9¾	—
Dublin						

LONDON MONEY RATES

Feb. 13	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-12¾	12⅛-12¾	10⅛-12⅞	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	12⅝-12¾	[illegible]	[illegible]	[illegible]
Local Authority Depos	12⅝-12⅛	12⅝-12¾	12⅞	[illegible]	[illegible]	[illegible]
Local Author'y Bonds	—	—	13⅛	[illegible]	[illegible]	[illegible]
Discount Mkt Depos.	10-12¼	12⅜-10⅛	12½	[illegible]	[illegible]	[illegible]
Company Depos.	11⅛-12¾	10¾-10⅞	12⅞-15	[illegible]	[illegible]	[illegible]
Finance Hse Depos	—	—	12⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	12¼	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	12⅝-12⁷⁄₁₆	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	12⅞	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	7.85-7.9	[illegible]	[illegible]	[illegible]
SDR Linked Depos	—	—	8-8¼	[illegible]	[illegible]	[illegible]
ECU Depos	—	—	10⅞-10⅛	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 12⁹⁄₁₆ per cent; three-months 12 per cent. Bank Bills (sell): one-month 12²¹⁄₃₂-12⅝ per cent; three-months 12⅝ per cent. Treasury Bills: Average tender rate at discount 12.0927 per cent. ECGD Fixed Finance Scheme IV reference date January 8 at February 4 (inclusive): 13.077 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from February 1 1986. Bank Deposit Rates for sums at seven days' notice 8-8¼ per cent. Certificates of Tax Deposits (Series 8). Deposits £100,000 and over held under one month 12 per cent; one-three months 12⅝ per cent; three-six months 12⅝ per cent; six-nine months 12⅝ per cent; nine-12 months 12⅝ per cent. Under £100,000 11⅝ per cent from January 14. Deposits held under Series 6 11⅝ per cent. Deposits withdrawn for cash 7½ per cent.

Legal Notices

THE OFFICIAL ASSIGNEE
THE LONDON STOCK EXCHANGE
In the matter of the firms of
NORMAN COLLINS AND COMPANY
Declared Defaulters 3rd February 1986

Company Notices

BANK HANDLOWY W. WARSZAWIE S.A.

Floating Rate Note Issue of US$ 30 million 1979/89

The rate of interest applicable for the six months period beginning on February 14 1986 and set by the reference agent is 9⅞% annually.

Personal

THE FINANCIAL TIMES

is proposing to publish a survey on

GHANA

On Monday 19 May 1986

Advertising copy date for this survey is

Monday 21 April 1986

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$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, February 12, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one US dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept, E.M.E.A. London
Eurodollar Libor as of February 12 at 11.00 a.m.
3 months: 8⅛ 6 months: 8⅛

ECU=$US.915753 SDR1=$US1.11985
Sibor as of February 12 at 11.00 a.m.
3 months: 8⅛ 6 months: 8⅛

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985/86 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	96¼	Treas. 10pcCnv 1986	99	.....	10.09	12.51
98	92¾	Treas 3pc 1986	98	....	3.06	10.95
100	97½	Exch. 10½pc 1986	99	....	10.56	12.61
101¾	99¾	Treas 12pc 1986	99	.....	12.02	12.39
98¼	94½	Treas 8¾pc 1984-86‡‡	98	−⅛	8.62	12.26
105	100½	Exch. 14pc 1986	100	−⅛	13.87	12.42
95¾	87¾	Exch. 2½pc 1986	95¾	.....	2.61	8.30
104	100¼	Exch. 13¼pc 1987	100	−⅛	13.14	12.26
99	96¾	Treas 10½pcCv '87	98	−⅛	10.44	12.24
94	85½	Exch 2½pc 1987	94	.....	2.66	9.74
100	96¼	Exch. 10½pc 1987	98	−⅛	10.69	12.20
95	89	Funding 6½pc '85-87‡‡	95	.....	6.84	11.01
99	95½	Treas. 10pc 1987	97	−⅛	10.25	12.00
92¼	84¼	Treas 3pc 1987	92¼	.....	3.26	9.22
102	99¼	Treas. 12pc 1987	100	−⅛	11.99	11.90
95	90¼	Treas 7¾pc 1985-88‡‡	94	.....	8.22	11.06
100	95½	Exch 10½pc '88	97	−⅛	10.75	11.69
98¾	93¾	Treas 9¾pc Cv '88	96¼	−⅛	10.14	11.67
87¾	80	Transport 3pc '78-88	87¾	+⅛	3.42	8.89
97¾	91½	Treas. 9½pc '88	94	−⅛	10.01	11.71
102¾	97½	Treas 11½pc 1989	99¾	−⅛	11.54	11.66
97	90¼	Treas 9½pc Cnv. '89	94½	−⅛	10.07	11.65
84	79	Treas 3pc 1989	83¾	.....	3.59	8.91
99	94	Treas 10½pc 1989	97	−⅛	10.82	11.59
98¾	92	Exch. 10pc 1989	95½	−⅛	10.47	11.62
101	95	Exch 11pc 1989	98¼	−⅛	11.21	11.63
86¼	79	Treas 5pc 1986-89	85¼	.....	5.86	9.84
99	95	Exch 10½pcCv '89	96½	−⅛	10.62	11.40
106	103¼	Treas 13pc 1990‡‡	104¾	−⅛	12.43	11.49
101¾	96	Exch 11pc 1990‡‡	98½	−⅛	11.17	11.48
108¼	100¼	Exch. 12½pc 1990	103¼	−⅛	12.11	11.51
81	75¾	Treas. 5pc 1990	80	−⅛	3.75	8.74
93¾	87¾	Treas 8¾pc 1987-90‡‡	90¾	.....	9.13	11.10
101¾	91¾	Treas. 10pcCv 1990	94½	−⅛	10.58	11.53
77¾	76¾	Exch 2½pc 1990	77	−⅛	3.24	8.45
108¼	97¾	Treas 11¾pc 1991	101	−⅛	11.63	11.45

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

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[illegible]

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[illegible]

LOANS

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[illegible]

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[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

هكذا صدر الأصل

هكذا من الأصل

MINES—Continued

O.F.S.

1985-86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
385	138	Beatrix Mines R1	208		15c	♦	2.1
210	65	Free State Dev. 10c	180	+10	015c	1.1	2.7
£24½	£12¼	F.S. Geduld 50c	£17	+¼	Q695c	1.7	13.3
£13¼	505	Harmony 50c	900	+6	Q240c	2.3	8.6
423	208	Loraine R1	358	+3	Q75c	3.1	6.9
£25½	936	Pres. Brand 50c	£13		Q505c	1.2	12.6
£27¼	£10	Pres. Steyn 50c	£14		Q520c	1.7	12.0
£16¾	671	St. Helena R1	£10¼		Q450c	♦	14.2
888	332	Unisel	500	+10	Q150c	1.1	9.7
696	356	Welkom 50c	470		Q234c	1.0	16.1
£29½	£13¼	W. Holdings 50c	£18		Q905c	1.7	16.3

Diamond and Platinum

1985-86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£46¼	£27	Anglo-Am Inv 50c	£43	+2	Q590c	1.0	4.4
450	265	De Beers Df. 5c	423	+8	†Q40c	4.7	1.1
700	275	Do. 40pc Pf. R5	375		Q200c	ε	17.5
£11¼	480	Impala Plat. 20c	657		Q135c	1.9	6.7
640	350	Lydenburg 12½c	547		Q72c	♦	4.5
805	430	Rus. Plat. 10c	668xd		†Q90c	1.4	4.4

Central African

1985-86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
190	140	Falcon 250c	180		†Q100c	2.3	24.8
15	10	Wankie Col. 251	12		†Q5c	3.6	18.6
19	10	Zam.Cpr SBD0.24	15½		—	—	—

Tins

1985-86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
290	160	Ayer Hitam $M1	160		†Q155c	1.5	28.5
250	46	Geevor	50		‡12.0	1.9	‡
175	55	Gopeng Berhad M$0.50	60		$Q0.16	♦	9.6
650	650	Hongkong	650#		—	—	—
27	11	Jantar 12½p	19		2.5	♦	18.8
55	22	Malaysia Mng. 10c	23	−1	‡vQ6c	2.9	‡
38	17	♥Pahang	37N		B—	—	—
650	150	Pengkalen 10p	150		—	—	—
275	120	Petaling $M1	120		vQ60c	♦	19.7
275	125	Sungei Besi $M1	125		‡vQ43c	—	‡
285	150	Tanjong 15p	150		—	—	—
250	98	♥Tongkah H. Tin $M1	110		vQ23c	1.2	6.4
305	105	Tronoh $M1	120		†vQ64c	1.1	15.7

Miscellaneous

1985-86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30		—	—	—
42	33	Anglo Utd Dev	34	−1	d1.05	♦	4.4
170	48	♥Colby Res Corp.	67		—	—	—
550	175	Cons. Murch. 10c	225		‡aQ86½c	3.9	‡
40	24	♦Emess Int. Ir10p	29		—	—	—
123	70	Greenwich Res	75		—	—	—
215	115	Hampton Areas 10p	123		3.75	0.9	4.1
260	133	♥Highwood Res.	240		—	—	—
£22½	£15¼	Homestake Mining $1	£16⅞	−⅛	Q20c	—	0.9
310	155	♥McFinley Red Lake	200		—	—	—
335	195	♥Musto Explorations	250		—	—	—
55	23	♥New Sabina Res C$1	42		—	—	—
375	195	Northgate C$1	215	−15	—	—	—
685	507	RTZ	575	−3	†20.0	2.8	5.0
£145½	£114½	Do. 9½pcLn '95-2000	£125		Q9½%	14.0	f7.7
980	800	♥Tara Exptn $1	936	−14	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	182		Fin 13% 97/02	£109½	+¼
Craig & Rose £1	950		4 motts	233	
Finlay Pkg. 5p	45	−1	CPI Hldgs	56	
Holt (Jos) 25p	720		Carroll Inds.	144	
IoM Stm. £1	57		Dublin Gas	32	
			Hall (R. & H.)	62	−1
IRISH			Heiton Hldgs.	25½	+½
Fund 11¼% 1988	£98¼	+⅛	Irish Ropes	53	
Nat. 9¾% 84/89	£95¼	+1⅛	Unidare	130	

"Recent Issues" and "Rights" Page 38
(International Edition Page 38)

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LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 27	Feb 6	Feb 7	Feb 17
Feb 10	Feb 20	Feb 21	Mar 3
Feb 24	Mar 6	Mar 7	Mar 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Tempo slackens but equity index edges forward to record level

The pace was more leisurely throughout the stock market session in London yesterday. After Wednesday's frenetic activity, the slowing in the equity market's upward momentum was particularly welcomed. It gave traders and investors alike the opportunity to examine their portfolios, and few reached the conclusion that the time was ripe to divest of good-class stocks. The lack of selling consequently prevented most leading issues reacting from current peak levels.

Morning business was unusually light and probably affected by a cautious reading of the Institute for Fiscal Studies budget submission. This threw doubt on the Chancellor's scope for taxation cuts this year, although the report concluded optimistically that substantial reductions could be achieved in 1987.

Selected international stocks, including several constituents of the FT Ordinary share index, made progress despite currency considerations. Sterling maintained its stability against the dollar but lost ground on the D-mark and the yen. Lucas Industries were prominent following comment on the group's new anti-skid invention, but the most interesting stock was GEC.

Aggressive demand for GEC stock over the past few days has aroused considerable speculation. Continued buying yesterday gave rise to talk of a US house building up a share stake, the possibility of the company instigating another buy-in programme of its shares and fanciful dreams of a takeover bid from lesser-light BTR. The rise of 5 to 192p, after 196p, in GEC plus the gains in both Lucas and Imperial Group, helped the FT 30-share index rise 3.8 more to a best-ever 1212.5.

Preparations were completed for a hectic opening business today in Wellcome. The shares are guaranteed a warm reception and estimates of the likely premium over the issue price of 120p increased to between 30p and 35p.

Takeover speculation elsewhere cooled quite dramatically with the notable exception of the Property sector. A 600p per share cash bid for Haslemere Estates, a bid chestnut of many years standing, from a subsidiary of Dutch investment house Robeco, rushed Haslemere up 115 to 620p. The news brought a heady atmosphere to Properties and MEPC, still on hopes of a Trafalgar House offer, led the advance to close a further 9 higher at 340p.

Gilt-edged securities suffered as the market digested sales of the new stock, £20-paid Treasury 10 per cent 1993. In first-time dealings, stock changed hands at prices down to 19⅞ before a close of 19⅞; applicants were allotted stock on Wednesday at a fully-paid tender price of 94¼ which was ¼ above the minimum requirement. Initial offerings of other Gilt maturities were eventually absorbed and longer-dated stocks settled to end around ⅛ easier on the day.

Midland easier

A broker's cautious assessment of Midland in the wake of its sale of Crocker National to Wells Fargo induced renewed profit-taking which left the shares 10 down at 468p; WF closed 2½ higher at £55½. Among the other clearers, NatWest softened a couple of pence at 676p, but Barclays moved up 5 at 468p, after 473p, and Lloyds improved 3 at 468p, after 470p. Elsewhere, Moorgate Mercantile hardened a penny more making a two-day advance of 6 at 49p, after 50p, on consideration of the acquisition by Bestwood of a 10.2 per cent stake in the company; Bestwood, at 400p, lost 10 of the previous day's rise of 40.

Breweries lacked a decided trend. Greenall Whitley dipped 7 to 170p as brokers took a bearish view of the proposed acquisition of Davenports, 5 cheaper at 445p. Guinness, in contrast, made fresh progress to 298p, a net gain of 6, although talks persisted that the company is set to raise its offer for Distillers; the latter eased a few pence to 610p, but rival suitors Argyll Group hardened 5 to 340p. Vaux advanced 15 to 395p following a newsletter recommendation.

Leading Buildings made an irregular showing. Costain, a good market recently, encountered profit-taking and fell 14 to 478p, but Taylor Woodrow hardened 6 to 516p. Blue Circle were finally a shade cheaper at 561p and Tarmac 6 off at 388p, but RMC continued to trade firmly and added a couple of pence more to 510p. Bid developments in the Property sector directed investors' attention towards Higgs and Hill which gained 25 to 503p in a market short of stock. Buyers also favoured Aberdeen Construction, 10 higher at 240p and Countryside, 4 up at 302p. Elsewhere, Attwoods attracted renewed speculative support and put on 5 to 145p.

ICI drifted back to 845p before late support left the close a couple of pence dearer on balance at 852p.

Grattan wanted

Mail-order house Grattan returned to favour and rose 12 to 360p as buyers took positions ahead of the preliminary figures expected next month. Substantial interest was also apparent for Combined English Stores, finally 11 higher at 180p, after 182p. Elsewhere, leading Stores traded in relatively subdued fashion with recently buoyant Gussies A a few pence cheaper at 850p. Laura Ashley were again in demand and added 6 more to 203p, while Dunhill revived with a gain of 12 to 366p. Persistent bid chatter lifted Martin Ford 3½ more to 76p, but profit-taking clipped 10 from recent high-flier Executex Clothes at 82p. Late support was noted for French Connection, 15 up at 185p, and Pentos, 5 to the good at 71p, but Rowland Gaunt, in receipt of an agreed share-exchange bid from Spong, dipped 13 to 83p.

Apart from GEC, buyers also showed considerable interest in Racal which improved steadily to finish 6 better on balance at 182p. Plessey hardened a couple of pence to 194p, but Thorn EMI met with profit-taking and lost 5 at 437p, after 433p; the latter has sold its cable television interests to British Telecom, 2 off at 186p. Elsewhere in Electricals, STC lost 4 to 98p ahead of preliminary results scheduled for later this month. Amstrad paused for breath following its meteoric rise before, and after, Tuesday's excellent interim results; the close was 8 lower at 342p. Mnemos dropped 9 to 31p and MicroFocus gave up 10 at 160p. MK fell 15 to 320p, but Oxford Instruments continued firmly at 428p, up 6.

Leading Engineers rarely strayed from previous closing levels, but secondary issues were featured by McKechnie, which closed 16 higher at 224p on the bid from Williams Holdings; the latter closed at couple of pence lower at 475p. Newman-Tonks, currently in receipt of an unwelcome offer from McKechnie, fell away to 125p before closing a few pence above the worst at 127p, down 8 on the day. RHP came to life with a gain of 7 at 149p, while West Bromwich Spring, still reflecting press mention, rose 10 more to 42p. Laird Group put on 9 further to 260p and Pegler Hattersley improved 6 more to 404p. Westland were quoted ex-all at 78p, down 4; the new shares closed at 20p premium and the Warrants at 22p, while the 7½ per cent Convertible ended at 17p premium.

Among Food Retailers, Tesco rose 8 to 303p on rumours of a broker's circular, while ASDA-MFI hardened a couple of pence to 144p. Elsewhere, Tate and Lyle attracted fresh support and firmed 5 to 573p and Unigate added 3 to 229p.

Metal Box higher

Leading miscellaneous industrials presented a mixed appearance. Demand persisted for Metal Box which put on 35 more to 695p, while Glaxo continued to make progress at 885p, up 15. BOC hardened a few pence to 320p ahead of the quarterly figures due next Thursday. Pilkington, in contrast, met with profit-taking after the previous day's flurry and gave up 12 at 381p. Boots eased a couple of pence further to 236p. Elsewhere, Pearson were supported at 431p, up 23; the company announced figures yesterday from its subsidiary Camco. Bid hopes prompted fresh speculative activity in Staffordshire Potteries which closed around the day's best with a gain of 14 at 115p, while Brammer, also the subject of speculative interest, rose 13 to 348p. Fobel came to life with a gain of 7 at 40p, but profit-taking left Christies International 8 lower at 310p. Parkfield Group continued to make progress and put on 13 further to 290p. Bestobell, a recent bid favourite, came back 5 to 255p, while Marley drifted back 5 to 111p awaiting news of the sale of Payless. Johnson Matthey, on the other hand, met with further support and put on 9 to 167p, while UKO International, still reflecting the bid approach, improved 4 more to 170p for a two-day rise of 35. Other bright spots included London International, 6 higher at 190p, and MCD, 7 dearer at 148p.

Lucas Industries featured proceedings in Motor Components, rising 15 to 543p, after 545p, amid talk of a chart breakthrough and of a broker's bullish circular. Buyers also displayed interest in FR, formerly Flight Refuelling, which advanced 12 more to 352p.

Robeco's surprise bid for Haslemere Estates set the Property sector alight. Reflecting the strength of Haslemere and the sector's other current takeover favourite MEPC, Land Securities, 315p, Great Portland Estates, 178p, and British Land, 171p, all gained 8. Peachey rose 10 to 275p and Hammerson A 15 to 485p, while Slough Estates advanced 7 to 163p. Stock Conversion, in which Stockley holds a sizeable stake, were finally 20 higher at 555p. Other notable rises included Daejan, 25 up at 545p, Rosehaug, the same amount at 460p, and Rush and Tompkins, 21 to the good at 293p. C. H. Beazer put on 14 to 510p and Percy Bilton appreciated 10 to 240p. Gains of around 5 were common to Property Holding and Investment, 123p, and Property Security and Investment, 120p. Elsewhere, A. Caird touched 45p prior to closing a net 5 up at 41p following the better-than-expected results and details of property acquisitions worth some £1.6m. In sharp contrast, a bout of profit-taking left recently-firm estate agents with moderate losses. Mann and Company dipped 15 to 285p and Hanover Investments shed 7 to 165p. Connells, however, remained a firm market and gained 5 more to a 1985-86 peak of 218p.

Ocean Transport were again outstanding among Shippings, rising 5 more for a two-day advance of 12 at 199p following persistent speculative buying fuelled by rumours of an imminent bid from P&O Deferred, 5 down at 466p.

Textiles usually gave modest ground in subdued trading. Robert H. Lowe, however, touched 50p before closing a net higher at 48p following the annual profits recovery and restoration of the Preference dividend.

Imperial Group rose 5 more to 292p, on hopes of an increased offer from Hanson Trust in the wake of the OFT's decision not to refer the bid to the Monopolies Commission; Imps has forecast a 23 per cent increase in pre-tax profits and a 25 per cent dividend increase for the current year. Buyers also returned for Rothmans which put on 7 more to 155p.

BP firmer

Reports that traders in North Sea oil futures markets had incurred substantial losses in recent weeks and may not honour their commitments brought renewed pressure on oil prices and prompted dealers to mark leading oils lower at the outset of trading. However, a steadier trend in the oil market later in the day encouraged good support for oils which subsequently closed with minor changes in either direction. BP initially eased to 543p before rallying to close a net 5 better at 550p, while Shell settled 3 firmer on balance at 670p. Britoil dipped to a 1985-86 low of 178p prior to ending the session unchanged on balance at 180p following news of a gas discovery in Block 3/4A in the North Sea.

Lonrho returned to the fore in Overseas Traders, rising 5 to 238p following another active traded option business. Buyers also displayed fresh enthusiasm for Tozer Kemsley and Millbourn which touched a new peak of 90p before settling 3 higher on balance at 89p, and for Thomas Borthwick which added 4 more at 40p. Polly Peck, on the other hand, remained friendless and dipped 7 to 153p, after 150p.

Plantations featured Grand Central, finally 3½ to the good at 32½p in response to the annual profits recovery and share placing to finance investment property purchases.

Golds mark time

Mining markets did little more than mark time during one of the quietest sessions for a number of weeks. South African Golds showed minimal changes in either direction despite a gradual decline in the bullion price which drifted back to close a net $1.75 off at $334.75 an ounce. The Gold Mines index showed a 0.4 improvement at 330.9.

The USM-listed Coogan Gold rose strongly to close 4½ better at 20p following a report that the company had encountered platinum during its gold exploration efforts in North Wales.

Worries over the Australian trade figures scheduled for today and the recent weakness in the Australian dollar exerted considerable downward pressure on overnight markets in Sydney and Melbourne, which registered their steepest one-day falls this year. London dealers consequently marked Australian mines lower at the outset and they drifted further in a generally dull session. Overnight news that Australian coal miners had embarked on a seven-day strike over pay and productivity unsettled coal producer Oakbridge which relapsed 6 to 40p.

Traded Options

Buoyant conditions continued to prevail in Traded Options. Total contracts transacted amounted to 21,705—17,351 calls and 4,424 puts. As on Wednesday, attention centred on Imperial Group which attracted 8,951 calls and 772 puts as operators hedged against an increased offer from Hanson Trust. Lonrho were also lively with 998 calls struck, while Distillers and Land Securities recorded 825 and 680 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Feb 6	year ago
Government Secs	82.07	82.20	82.13	82.24	81.49	81.75	79.65
Fixed Interest	87.56	87.40	87.41	87.30	87.28	86.63	83.63
Ordinary ♥	1215.5	1208.6	1191.4	1198.3	1187.7	1171.7	984.7
Gold Mines	330.9	330.5	335.7	329.5	322.0	327.8	492.7
Ord. Div. Yield	4.27	4.29	4.35	4.34	4.37	4.41	4.67
Earnings, Yld. %(full)	10.39	10.45	10.60	10.56	10.65	10.74	10.90
P/E Ratio (net) (*)	12.00	11.92	11.74	11.77	11.70	11.59	11.02
Total bargains (Est.)	38,418	38,480	27,896	37,387	36,791	36,047	35,686
Equity turnover £m.	—	662.74	620.15	686.58	773.24	664.81	465.38
Equity bargains	—	29,412	28,603	30,667	30,451	23,706	26,692
Shares traded (ml)	—	318.1	285.6	298.4	357.4	265.0	226.8

♥ 10 am 1210.1. 11 am 1210.1. Noon 1210.4. 1 pm 1212.6. 2 pm 1212.8. 3 pm 1213.2. 4 pm 1213.0. Day's High 1213.3. Day's Low 1208.7. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=11.57.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.67 (18/10/85)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (25/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1212.5 (13/2/86)	911.0 (25/7/85)	1212.5 (13/2/86)	49.4 (26/6/40)
Gold Mines	686.2 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Feb 12	Feb 11
Daily		
Gilt Edged Bargains	125.9	123.5
Equities Bargains	189.3	184.7
Equities Value	1,380.0	1,253.4
5 Day Average		
Gilt Edged Bargains	127.1	129.3
Equities Bargains	184.7	176.4
Equities Value	1,385.1	1,333.8

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thur Feb 13 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed Feb 12 Index No.	Tues Feb 11 Index No.	Mon Feb 10 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (214)	632.10	+0.7	9.82	3.65	13.92	0.97	627.43	616.00	616.53	534.57
2 Building Materials (24)	678.30	+1.0	10.83	4.05	12.75	6.74	671.81	665.13	657.92	489.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	1473.5	+3.5	1473.7	1466.2	1470.6	1453.9	1461.5	1445.0	1426.9	1289.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

FIXED INTEREST

PRICE INDICES	Thur Feb 13	Day's change %	Wed Feb 12	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	117.89	-0.06	118.16	0.22	1.17
2 5-15 years	129.34	-0.11	129.76	0.28	1.49
3 Over 15 years	135.31	-0.19	136.07	—	2.09
4 Irredeemables	149.72	-0.19	150.00	—	0.00
5 All stocks	128.01	-0.10	128.96	0.22	1.45
Index-Linked					
6 5 years	108.66	-0.18	108.25	—	0.00
7 Over 5 years	107.49	-0.15	107.97	—	0.45
8 All stocks	107.52	-0.16	107.69	—	0.43
9 Debentures & Loans	110.84	-0.01	110.85	—	0.30
10 Preference	79.95	+0.16	79.81	—	0.56

AVERAGE GROSS REDEMPTION YIELDS: [illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. u Indicated dividend; cover relates to previous dividend, p/e ratio based on latest annual earnings. u Forecast otherwise indicated. ‡ Issued by tender. § Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Reintroduced. ¶ Issued in connection with reorganisation, merger or takeover. ‖ Allotment price. ♣ Unlisted securities market. †† Dealt in under Rule 535(3). ♦ Dealt in under Rule 535(4) (a). ‡‡ Units comprising two ordinary, one preference and one warrant.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	86	22
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	739	398	1,466

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 3	Feb 14	May 8	May 19
Feb 17	Feb 28	May 29	June 9
Mar 3	Mar 14	June 12	June 23

For rate indications see end of Unit Trust Service

Call options were taken out in Hongkong and Shanghai Banking, Amstrad, United Biscuits Warrants, Combined Technologies, Martin Ford, Sears, Tranwood, Five Oaks Investments, Ratners (Jewellers), Cowan de Groot, West Bromwich Spring, Tootal, BSG International, Hillsdown, Rowntree Mackintosh, Moorgate Mercantile, Aitken Hume and Aldcorn International. A put was taken out in Metal Box, while doubles were transacted in Charter Consolidated, Sheraton Securities and Grovebell.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (164)

[illegible]

NEW LOWS (25)

[illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Haslemere Estates	620	+115
ICI	852	+2
Imperial Group	290	+3
Jaguar	491	+5
Land Securities	315	+8
MEPC	340	+9
McKechnie Bros.	224	+16
Mann and Co.	285	-15
Newman Tonks	127	-8
Norsk Hydro	£12¼	-¼
Pearson	431	+23
Rush and Tompkins	293	+21

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Jaguar	40	486	+20
GUS A	28	933	+3
UKO Interntnl.	26	166	+31
BTR	20	425	+14
Imperial Group	19	287	+10
Glaxo New	18	885	+3
Beecham	17	380	+12
Christies Intnl.	17	318	+22
STC	17	102	-3
GEC	16	184	+8
GKN	16	300	+8

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 86,000

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

February 13 Total contracts 21,807 Calls 17,381 Puts 4,494 *Underlying security price

هكذا اصل الأصل

هكذا عن الأصل

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Prices at 2.30pm February 13

[illegible]

MONTREAL

Closing prices February 12

[illegible]

Total Sales 5,102,114 shares

F—No voting rights or restricted voting rights

Indices

NEW YORK—DOW JONES

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

Mesa Petrlm. ... 2,089,500 2¾ + ¼ ITT .... 1,525,200 42 +1⅝

TORONTO	Feb 13	Feb 12	Feb 11	Feb 10	1985/86 High	1985/86 Low
Metals & Minls	2,133.2*	2,107.T	2,182.T	2,215.2	2289.6 (28/1/86)	1748.82 (31/10/85)
Composite	2,764.3*	2,763.4	2,768.7	2,792.9	2900.9 (31/12/85)	2348.5 (8/1/85)
MONTREAL Portfolio	134.25*	135.24	135.18	136.85	142.87 (17/12/85)	117.00 (4/1/85)

* Indicates pre-close figures

[illegible]

M.S. Capital Intl. (1/1/70) — 267.7 266.8 268.5 267.7 (12 2 86) 184.6 (4 1 85)

** Saturday February 8: Japan Nikkei (c): TSE (c).

Base value of all Indices is 100, except: Brussels SE—1,000; JSE Gold—255.7; JSE Industrial 264.3; Australia All Ordinary and Metals—500; NYSE Composite—50; Standard and Poors—10, and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Borthwick (Tho.)	40	+ 4
British Land	171	+ 8
Caird (A)	41	+ 5
Clogau Gold	20	+ 4½
Com Eng Stores	180	+ 11
GEC	192	+ 8
Glaxo	885	+ 15
G Central Inv	32½	+ 3½
Grattan	360	+ 12
Haslemere Est	620	+115
Higgs & Hill	503	+ 25
Johnson Matthey	167	+ 9
Land Securities	315	+ 8
Lowe (Robert H)	48	+ 8
Lucas Ind	543	+ 15
MEPC	340	+ 9
McKechnie Bro	224	+ 16
Metal Box	695	+ 35
Ocean Transport	199	+ 5
Parkfield Group	290	+ 13
Pearson	431	+ 23
Rush & Tomp	293	+ 21
Stock Conv	555	+ 20
Tesco	303	+ 8

FALLS

Ex 10½% 2005	£99½	− ½
Costain	478	− 14
Greenall Whitley	170	− 7
Mann & Co	285	− 15
Newman Tonks	127	− 8
STC	98	− 4

U S quarterly results

Continued from Page 22

AMERICAN DISTRICT TELEGRAPH
Alarm systems

Year	1985 $	1984 $
Revenue	479.6m	449.7m
Op. net profits	†31.4m	8.7m
Op. net per share	†2.42	0.75

† Loss

STERLING DRUG
Pharmaceuticals

Fourth quarter	1985 $	1984 $
Revenue	458.2m	428.9m
Op. net profits	*43.1m	34.9m
Op. net per share	0.73	0.58
Year		
Revenue	1.75bn	1.82bn
Op. net profits	153.3m	141.4m
Op. net per share	2.56	2.34

* Excludes $43.9m loss from discontinued operations

VIACOM INTERNATIONAL
TV syndication

Fourth quarter	1985 $	1984 $
Revenue	182.7m	89.2m
Net profits	8.3m	9.8m
Net per share	0.45	0.72
Year		
Revenue	444.1m	320.4m
Net profits	37m	30.8m
Net per share	2.29	2.27

WASTE MANAGEMENT
Waste disposal

Fourth quarter	1985 $	1984 $
Revenue	437.5m	387.9m
Net profits	47.2m	39.2m
Net per share	0.47	0.40
Year		
Revenue	1.62bn	1.31bn
Net profits	171.5m	142.5m
Net per share	1.72	1.46

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 41

Stock	Sales (Hhds)	High	Low	Last	Chng
[illegible]					

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Prices at 3pm, February 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	10⅝	AAR s			17	171	18½	18¼	18½	+⅛
24⅝	10¼	AGS			16	65	23⅝	23¼	23¼	−⅜
15⅜	9⅞	AMCA				17	12¼	11⅞	11⅞	−¼
52⅛	35½	AMR			9	3525	52⅛	50⅜	50¾	−1
24¾	18⅝	AMR pf	2.18	8.9		14	24¾	24½	24¾	+¼
22	19	ANR pf	2.12	10.		2	21	21	21	
12⅛	7⅝	APL			6	8	u12⅜	12¼	12⅜	+¼
18¾	10⅝	ARX			13	66	15	14⅝	14⅞	−⅛
55⅝	32¾	ASA	2a	5.4		x362	37⅝	37	37⅛	−⅝
25¼	16½	AVX		2.8		395	16½	15⅝	15⅞	−½
28⅛	20⅝	AZP	2.72	10.	7	601	26½	26¼	26½	
72	40	AbtLab	1.40	2.1	17	1552	67⅝	66⅛	66⅛	−1⅛
30⅛	19⅝	AccoWd	.50	1.7	21	286	29¾	29½	29½	−½
24¼	10	AcmeC	.40	3.2	18	139	12⅝	12¼	12½	
10⅞	7	AcmeE	.32b	3.9	18	6	8⅞	8⅛	8⅞	+⅛
19¾	16⅛	AdaEx	1.90e	11.		122	18⅛	17¾	17⅞	−¼
22⅞	14	AdmMl	.40	1.9	9	160	21¼	20⅞	21	+⅜
18½	8¼	AdvSys	t.36t	7.3	17	477	u18⅞	18	18¾	+½
38	22⅛	AMD				3349	32	30⅞	31⅛	−⅝
12⅝	10¼	Adobe n				75	10¼	10¼	10¼	−⅛
18⅝	14⅝	Adob pf	1.84	11.		8	16⅛	16	16⅛	
18½	15¼	Adob pf	2.40	13.		18	18	17⅞	17⅞	−⅛
16½	9⅞	Advest	.12a	.8	15	276	16	15¾	15¾	−⅛
59⅛	39⅝	AetnLf	2.64	4.5	19	3059	59½	58	58½	+⅛
57½	52½	AetL pf	5.19e	9.8		300	54	53¾	53⅞	+¼
64¼	27¼	Ahmns	1.20	1.9	8	1755	u65⅞	63⅝	63½	−⅜
4⅝	2½	Aileen			186	246	4	3⅝	3¾	−¼
75	46⅞	AirPrd	1.48	2.0	15	787	74¼	73⅞	73⅞	−⅝
24⅝	17½	AirbFrt	.60	3.2	14	760	19¼	19	19	−⅛
2⅛	1½	AlMoanl	.50c			x731	⅝	d15-32	15-32	+3-32
9⅛	7	AlaP dpf	.87	9.7		37	9⅛	9	9	
97	69	AlaP pf	9	9.7		z120	93	93	93	
7⅞	7	AlaP	pf 8.44	9.5		z60	89	88	88	
81	60	AlaP	pf 8.28	10.		z300	80½	80	80	

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
75	80	PaPL pr	8	11.		z130	u75½	75	75½	+½
45⅛	34	Penwlt	2.20	4.9		91	45¼	44¼	45¼	+½
27½	21⅞	Penw pf	1.60	5.9		8	27¼	27⅛	27⅛	−¼
81	36¾	Pennzol	2.20	3.9	20	2779	59	56¾	57	−2⅜
20⅜	14⅝	PeopEn	.32	9.6	6	241	19⅝	19⅛	19⅝	+⅛
28½	17⅝	PepBy s	.20	.7	22	253	27¾	27¼	27¾	+½
75⅜	46	PepsiCo	1.78	2.6	12	1493	69⅞	69½	69¾	−⅛
35	22⅛	PerkEl	.60	1.7	20	1715	u35½	34¼	35¼	+½
9½	6½	Prmian	1.04e	18.	6	455	6⅜	6⅛	6¼	
18¾	11⅛	PeryD s	.22	1.3	17	113	17	16¾	16¾	−¼
34¼	20	Petrie	1.40	2.7	17	595	53⅛	52⅞	52⅞	+⅞
26½	22¾	PetRs	3.51e	15		40	23¾	23½	23¾	+½
17¼	18	PetRs pf	1.37	9.5		12	18¾	18½	18½	−⅛
5¾	2¼	PtrInv	.65e	26.		105	2⅝	2½	2½	
56¼	37⅝	Pfizer	1.64	3.2	15	2392	50½	49¾	50½	+⅛
27¼	16¾	PhelpD			41	258	25¼	24⅞	25	−¼
60¾	43½	Phelp pr	5	8.6		18	58¼	57¾	58¼	
50¼	34⅛	PhibrS	.54	1.1	25	2440	50	49⅛	49¼	−⅛
19⅞	13⅞	PhilaEl	2.28	11	8	3825	16¼	13⅜	16¼	−¼
34	27	PhilE pf	3.20	12.		z40	32½	32½	32½	−½
37	28	PhilE pf	4.30	12.		z100	37	37	37	
38	51¼	PhilE pf	4.40	12.		z110	37	36¾	36¾	+¼
73½	60	PhilE pf	8.75	12.		z200	73½	73½	73½	+½
12¼	9¼	PhilE pf	1.41	12.		110	12⅛	12	12⅛	
11¾	9	PhilE pf	1.33	12.		120	17½	11⅜	11⅜	
68¾	54	PhilE pf	7.85	12.		z300	60	65½	65½	+¼
11⅛	8¾	PhilE pf	1.28	12.		79	u11¼	11	11⅛	
129½	114½	Phil pf	17.13	14.		z280	125⅜	125	165	−⅜
116½	104	PhilE pf	15.25	13.		z350	113	113	113	
89⅝	69	PhilE pf	8.52	11.		z370	80	80	80	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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S S S

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31½	20¼	Sage						23⅝	24	+¼
23¼	19	StJoLP	1.62	7.6	8	19	u24	23⅝	24	+¼
11½	3⅞	vjSalant				149	11½	11⅛	11½	+⅜
38⅞	24⅞	SallieM	.24	.8	15	501	38⅛	37⅞	37¾	−¼
54	45⅝	SallM pf	3.17e	6.2		2410	51½	51¼	51¼	−1
29⅞	21⅝	SDieGs	2.24	7.5	10	343	29⅞	29¾	29⅞	+⅛
9¾	7⅞	SJuanB	.83e	10	9	81	8½	8⅛	8¼	+⅛
12⅞	9¼	SJuanR			7	129	11⅝	11½	11⅝	
43⅜	29½	Sandr	.60	1.8	20	1114	37½	35⅞	36⅜	+⅞
25⅜	22½	SAnitRt	.64	8.0	13	60	24⅜	24	24¼	
22	19⅝	SFeEP n				225	21⅞	21⅝	21⅞	+⅛
39¼	25⅛	SFeSoP	1	2.8	15	2409	u39⅝	38	39⅛	+⅜
53¼	34¼	SaraLe	s.60	3.1	14	359	52⅜	51⅞	52¼	
41⅜	29½	SgtWel	1.48	4.0	15	2	37	37	37	+¼
19⅜	25¾	SaulRE	.20	1.1	40	32	17⅞	17⅝	17⅝	−⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

T T T

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40⅛	26	TriaPc	1	2.3	11	20	43¾	43⅜	43⅜	−⅜
57⅞	37⅝	Tribune	1	1.7	19	1378	u58	57½	58¾	+1⅜
8⅛	3⅝	Tricntr	.52e	13	5	1	4	4	4	
7¾	5⅞	Trico	.20	3.4	10	52	6	5⅞	5⅞	−⅛
17¼	12½	Trinty	.50	3.1		381	16¾	16¼	16¼	−½
35½	15¾	TritEng	.10b	.5	15	147	20½	20⅛	20¼	−⅛
46¾	25	TucsEP	3	6.8	11	88	46⅜	46⅛	46¼	−⅛
23⅜	11⅝	Tultex	.40	2.0	18	91	u23⅞	23⅜	23¾	+⅛
20¼	16	TwinDs	.90	5.3	30	1	17	17	17	
56⅜	33⅛	TycoLb	.20	1.6	18	103	56⅜	56	56⅛	−⅛
17¼	12⅝	Tyler s	.40	2.9	16	188	14½	14½	14½	+⅛

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60⅝	38¾	UAL	1	1.7		2298	60	57⅞	58⅛	−1¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

V V V

[illegible]

W W W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4½	2⅝	Wurlitzr				79	3½	5¼	3⅜	−⅛
17	10⅜	WyleLb	.32	1.9	73	375	16⅛	16¼	16¾	−¼
23⅜	15	Wynns	.60	3.6		148	16¼	16⅜	16¾	+⅛

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
66⅞	42⅛	Xerox	3	4.6	15	2789	66⅛	65⅜	65⅞	+⅛
56¼	49	Xerox pf	5.45	9.7		8	56⅛	55⅞	56	+⅛
34¼	25	ZaleCp	1.32	4.1	12	44	32	31⅝	32	+¼
18⅛	4⅝	Zapata	.12	2.8	30	1960	4¾	d	4⅛	4⅛
66⅛	36⅜	Zayre s	.48	.8	19	517	63⅜	63	63⅜	+⅛
25	16¼	ZenithE				1000	797	20⅜	20	20 −¼
23⅜	17¼	Zero s	.36	1.8	17	38	22⅜	21¾	22¼	−⅛
42¾	28¾	Zurnln	1.32	3.1	15	28	42½	42¼	42¼	−⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

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SPAIN & PORTUGAL

AMEX COMPOSITE PRICES

Prices at 3pm, February 13

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Retail sales data bolster optimism

THE ANNOUNCEMENT that US retail sales rose hy only 0.1 per cent last month bolstered Wall Street's optimism regarding inflation prospects yesterday, *writes Terry Byland in New York.*

The stock market remained firm in hrisk turnover, although major indices were affected by mixed changes in some blue chips.

At 3pm, the Dow Jones industrial average was 0.92 higher at 1,630.85.

The stock market opened lower, partly in response to renewed weakness in IBM, again suffering from a downgrading of earnings estimates by two major brokerage houses. At $154½, IBM stock was down $½ but above the worst.

But the hlue-chip sector recovered its poise when Ford pleased the market with its 1985 profits statement. Ford bounced ahead $1⅛ to $70⅛ in good turnover, taking General Motors up $1½ to $79⅝ in sympathy. But Chrysler's profits were below the best of Wall Street expectations and the stock trailed with a $¼ gain to $53⅝.

However, Suharu of America dipped $13 to $209 on the over-the-counter market after a Merrill Lynch analyst was said to have cut his earnings forecasts.

Burroughs, shaken earlier this week by cuts in its labour force worldwide, rallied $¾ to $68. Other technology issues looked ragged. Digital Equipment, number two to IBM, dipped $1 to $157½ as investors cautiously appraised Big Blue's price-cutting plans.

Eastman Kodak, also battered this week by plans for heavy labour cuts recovered $1⅛ to $51¼ yesterday, with turnover quickly rising above 1m.

The persistent weakness in world oil prices was again brushed off by both the oil majors and by banks. Exxon at $51 edged up $½. Despite its cut of $1bn in spending plans, Atlantic Richfield put on $½ to $51½.

There was heavy turnover again in Texaco, with the stock $¼ easier at $28 as the board continued its fight against the $11.1bn penalty payment to Pennzoil. At $57⅝, Pennzoil fell $1⅝.

Money centre banks moved higber as the stock market took the view that Mexico's debt problems would be solved internationally. Chase Manhattan added $1⅜ to $75⅝, Bankers Trust $⅞ to $36, and Citicorp $⅛ to $50⅛. At $65⅝, J.P. Morgan gained $⅞, still looking for benefit from the restructuring, aimed at increasing the investment banking strength.

Wells Fargo, after rising strongly since announcing its purchase of Crocker National from Midland Bank of the UK, eased $¼ to $77⅛.

In a firm defence sector, General Dynamics, up $1½ to $75⅛, continued to celebrate its return to the US Navy contract hidding lists. Stocks of those companies involved in the space shuttle contract remained firm. Morton Thiokol edged up $⅝ to $34⅝, while Lockheed, the contract manager added $½ to $49⅝ and Rockwell, builder of the shuttle, was $⅛ up at $37.

Johnson & Johnson staged a strong recovery as further details emerged of the cynanide poisoning case in New York. At $51⅛ the stock rebounded $1⅜ in heavy trading.

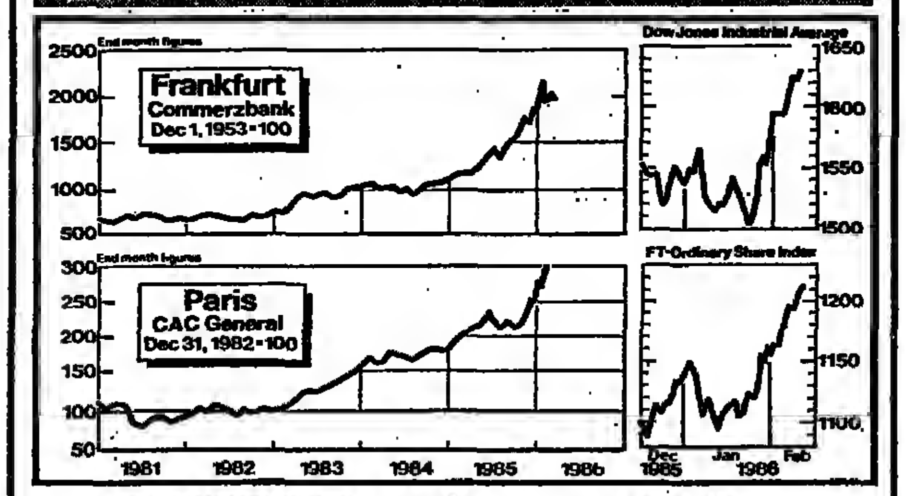
Profit-takers continued to cut into the recent gains in airline stocks, taking $1¼ off United at $58⅝ and $1 off American at $50⅝. Pan Am weakened again, down $⅛ to $8¼ as the investment press criticised the sale of the Pacific routes to United.

Pharmaceutical issues ran into profit-taking, despite the continued slide in the dollar which benefits the industry's higb overseas sales content. Merck, a constituent of the Dow industrial average, fell $1¾ to $141½ and Bristol-Myers eased $⅞ to $63⅝.

Chemical stocks were well bought, the best spot again being Union Carbide, a further $⅝ up at $85½.

In the credit market, yields on long-dated federal bonds continued to slide, *hringing a 9 per cent yield well within* sight. "We are returning to the yield curve of the 1970s," Mr Dan Napoll of Merrill Lynch said. Long federal bonds now offer yields only 177 basis points above three-month Treasuries, compared with more than 200 hasis points only a month ago. Federal funds returned to trade below 8 per cent, and treasury bill rates were a shade up on overnigbt.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 13	Previous	Year ago
NEW YORK			
DJ Industrials	1,630.85*	1,629.93	1,297.92
DJ Transport	788.40*	786.96	634.52
DJ Utilities	178.19*	178.19	151.16
S&P Composite	216.19*	215.97	183.35
LONDON			
FT Ord	1,212.5	1,208.6	984.7
FT-SE 100	1,473.5	1,470.0	1,282.0
FT-A All-share	716.54	714.06	619.16
FT-A 500	786.03	783.90	677.14
FT Gold mines	330.9	330.5	492.7
FT-A Long gilt	10.52	10.50	10.88
TOKYO			
Nikkei	13,293.80	13,300.58	12,025.70
Tokyo SE	1,059.60	1,058.90	924.12
AUSTRALIA			
All Ord.	1,039.7	1,055.2	773.9
Metals & Mins.	499.3	508.3	445.3
AUSTRIA			
Credit Aktien	117.72	117.17	63.08
BELGIUM			
Belgian SE	3,044.38	3,025.7	2,150.35
CANADA			
Toronto			
Metals & Mins	2,133.2*	2,167.7	2,190.0
Composite	2,764.3*	2,781.1	2,628.3
Montreal			
Portfolio	134.29	135.24	132.67
DENMARK			
SE	230.00	230.65	173.96
FRANCE			
CAC Gen	300.3	297.4	198.9
Ind. Tendance	113.4	112.6	70.2
WEST GERMANY			
FAZ-Aktien	654.83	670.85	397.15
Commerzbank	1,979.0	2,032.0	1,156.9
HONG KONG			
Hang Seng	1,746.40	1,743.03	1,338.32
ITALY			
Banca Comm.	517.29	510.87	275.05
NETHERLANDS			
ANP-CBS Gen	252.1	252.2	198.8
ANP-CBS Ind	243.9	244.4	157.4
NORWAY			
Oslo SE	375.18	382.38	325.6
SINGAPORE			
Straits Times	621.30	616.91	805.74
SOUTH AFRICA			
JSE Golds	–	1,231.5	858.7
JSE Industrials	–	1,099.3	865.5
SPAIN			
Madrid SE	112.34	112.56	84.61
SWEDEN			
J & P	1,855.68	1,850.19	1,452.50
SWITZERLAND			
Swiss Bank Ind	567.8	578.5	413.3
WORLD	Feb 12	Prev	Year ago
MS Capital Int'l	267.7	268.8	194.4

COMMODITIES

(London)	Feb 13	Prev
Silver (spot fixing)	413.80p	416.45p
Copper (cash)	£983.25	£982.50
Coffee (Mar)	£2,387.50	£2,474.00
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	Feb 13	Prev
London	$334.75	$336.50
Zürich	$334.50	$337.05
Paris (fixing)	$337.15	$340.65
Luxembourg	$336.50	$339.40
New York (April)	$335.30	$340.80

CURRENCIES

	US DOLLAR		STERLING	
(London)	Feb 13	Previous	Feb 13	Previous
$	–	–	1.418	1.412
DM	2.348	2.367	3.33	3.3425
Yen	182.15	186.6	258.25	263.5
FFr	7.2225	7.2625	10.2425	10.255
SFr	1.9445	1.9675	2.7575	2.7775
Guilder	2.6515	2.674	3.76	3.775
Lira	1,604.5	1,606.0	2,275.25	2,270.5
BFr	48.2	48.45	68.35	68.4
C$	1.4025	1.39925	1.989	1.9735

INTEREST RATES

	Feb 13	Prev
Euro-currencies (3-month offered rate)		
£	12⅝	12⅞
SFr	4	4
DM	4⅞	4⅞
FFr	14⅞	15⅛
FT London Interbank fixing (offered rate)		
3-month US$	8⅛	8⅛
6-month US$	8⅛	8⅛
US Fed Funds	7⅞*	8⅛
US3-month CDs	7.65*	7.65
US3-month T-bills	7.05*	7.09

US BONDS

Treasury	Feb 13* Price	Yield	Prev Price	Yield
8⅞ 1988	100⅝	8.034	100⅝	8.052
8⅞ 1993	100⅜	8.71	99⅞	8.778
8⅞ 1995	100⅜	8.83	99⅞	8.913
9⅞ 2016	101⅞	9.079	101⅝	9.134

Treasury Index: Maturity (years)	Feb 13 Return index	Day's change	Yield	Day's change
1–30	140.00	+0.28	8.82	–0.03
1–10	138.21	+0.17	8.38	–0.03
1–3	130.40	+0.08	8.07	–0.01
3–5	138.37	+0.17	8.47	–0.03
15–30	153.83	+0.89	9.47	–0.05

Source: Merrill Lynch

Corporate	Feb 13* Price	Yield	Prev Price	Yield
AT&T				
10⅜ June 1990	100⅝	10.15	100⅝	10.15
3⅞ July 1990	86.718	7.50	86⅞	7.56
8⅞ May 2000	91⅝	9.85	91⅞	9.88
Xerox				
10⅞ Mar 1993	104⅞	9.75	104	9.82
Diamond Shamrock				
10⅞ May 1993	101⅞	10.37	101	10.42
Federated Dept Stores				
10⅞ May 2013	102.918	10.30	102.454	10.35
Abbot Lab				
11.80 Feb 2013	110.508	10.60	110⅝	10.65
Alcoa				
12⅞ Dec 2012	109.285	11.15	108.829	11.20

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	86-20	86-28	86-13	86-09
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.05	93.10	93.05	93.06
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.27	92.28	92.24	92.24
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	91.98	91.99	91.92	91.94
20-year Notional Gilt £50,000 32nds of 100%				
Mar	110-03	110-04	109-15	109-29

* Latest available figures

TOKYO

Judicious retreat from peak

MOUNTING concern over the precariously high equity prices pushed Tokyo's average down yesterday for the first time in 10 sessions, *writes Shigeo Nishiwaki of Jiji Press.*

The benchmark index weakened 6.78 to 13,293.80. Volume remained strong at 669m shares, althougb slightly down from Wednesday's 691m. Declines outpaced advances by 438 to 404, with 134 issues unchanged.

The Nikkei average had surged 351 points over the previous nine days, with low-priced issues leading the way. This combined with the stock exchange's tighter restrictions on margin trading in Janome Sewing Machine and other issues to generate anxiety about the market outlook.

Janome Sewing Machine fluctuated wildly between Y960 and Y1,070, and closed at Y1,040, up Y40. It registered the ninth busiest volume with 9.15m shares changing hands due to rumours of purchases by IBM of the US.

Nishi-Nippon Railroad remained the most active stock with 16.05m shares traded. It soared in the morning but slackened later on heavy selling and ended at Y454, up Y4.

Toyo Rubber Industry, second husiest with 15.36m shares, gained a maximum Y80 to Y378 on talk of increased buying by Toyota Motor, its second largest shareholder. Minebea, a precision bearing manufacturer, added Y14 to Y723 after reports that Trafalgar Holdings of the US and Glen International Financial-Service of Britain intend to purchase more of its shares.

Mitsui Petrochemical Industries, a main gainer on Wednesday, shed Y14 to Y858 on profit-taking. Mitsui Mining eased Y13 to Y790 and Nihon Nosan Kongyo Y17 to Y378.

Stocks whicb would be affected hy the redenomination of the Japanese currency lost ground across the board, after profit-taking. Toppan Printing dropped Y50 to Y1,080, and Dainippon Ink and Chemicals Y5 to Y322.

Blue-chips remained out of favour. Hitachi eased Y13 to Y750, while Fujitsu slipped Y31 to Y999, its first fall to below Y1,000 in about a month. Nippon Kogaku weakened Y10 to Y1,060.

The Tokyo Stock Exchange has been trading about 800 small-capital issues through its computer system. However, the system is now overloaded due to heavy turnover in so-called "system issues" by speculators. To remedy the situation, the exchange decided to stop using the computer for trading in the 20 most active stocks, including Mitsui Mining and Toyo Kohan.

HONG KONG

PROFITS were taken from recently strong property issues in Hong Kong yesterday but most other sectors traded within a narrow range.

The Hang Seng index rose 3.37 to 1,746.40 on turnover down from HK$166.95m in the previous session to HK$165.19.

Cheung Kong shed 10 cents to HK$20.40 while Hongkong Land and Sun Hung Kai Properties were both unchanged at HK$6.50 and HK$11.90 respectively.

SINGAPORE

BLUE CHIPS were the market's favourite in Singapore yesterday where most sectors showed strong gains, marred only slightly in the last hour by a bout of profit-taking.

The late downturn was hrought about by disappointment over a lower-than-expected cut in corporation tax proposed by the Government's economic committee.

The Straits Times industrial index rose 4.39 to 621.30 on turnover up at 9.6m from 4.8m on Wednesday.

EUROPE

Terrible twins to the fore

CURRENCIES and oil emerged yesterday as the latest boon to Europe's terrible twins, Paris and Milan, which, ignoring all logic and the long-awaited rampages of profit-takers, jumped to further record levels.

Paris was confronted with such heavy turnover that trading was extended by 40 minntes and the CAC General index breached the 300 barrier for the first time with a 2.9 rise to 300.3, its fifth consecutive peak.

Underpinning yesterday's market, whicb has been feted extensively by European, particularly British hrokers, in recent weeks was the sharp decline in the dollar and further bullish sentiment on French corporate earnings, whicb are forecast to rise about 25 per cent on average this year. The prospect of higher consumer spending in 1986 also aided sentiment.

Construction issues remained at the centre of attention with Bouyges accelerating its advance with a FFr 30 rise – after two sessions of FFr 5 gains – to FFr 1,050. Screg adopted a more confident posture with a FFr 7 rise to FFr 121 after recent unsettled sessions.

Among engineering and aerospace issues, Alspi featured with an 11 per cent jump – or FFr 27 – to FFr 270 while Matra dipped FFr 30 to FFr 1,560.

Food and drink issues were less healthy than earlier in the week. Moët-Hennessy was certainly not smelling of roses when it slumped FFr 363 to FFr 1,887, losing at a stroke most of the steady gains achieved in recent months. Perrier lost all of Wednesday's rise with its FFr 7 retreat to FFr 515 and Pernod managed a further FFr 2 advance to FFr 696.

L'Oréal jumped another FFr 50, after the previnus day's FFr 60, to FFr 3,110 and Lafarge Coppeé, one of the star performers of Wednesday, lost FFr 7 to FFr 938.

Other interesting features included Elf Aquitaine's FFr 3 rise to FFr 215 in the face of an oil market plagued hy production and pricing disputes while Valeo scored one of the best showings of the day with its FFr 75 jump to FFr 570.

Among holding companies favoured by bullish earnings prospects, Schneider added FFr 17 to FFr 483.

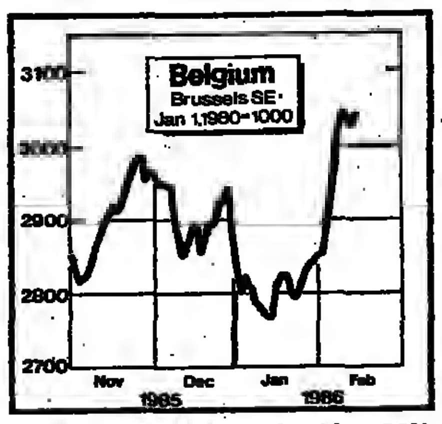
Hotel group Accor put on FFr 35 to FFr 360 as its takeover battle for CNIT, the industrial fair organiser, gathers pace.

The peak performance in Milan was almost a carhon copy of Wednesday's surge. Fiat had time to react to its shared victory in the Westland helicopter battle in Britain and the diversified transport group duly finished at another record close with a L320 jump to L7,480.

Generali, another cornerstone of the bourse's surge, was catapulted L1,790 higher to a record L86,100. Toro did proportionally better with its L2,000 gain to L32,200.

Montedison was carried across the L3,000 threshold with its L101 gain to L3,001.

Banks continued to be overshadowed by the hrighter industrials although Mediobanca hit a fresh peak with a L500 gain to L181,500. Banco Commerciale lost L110 down at L22,960.



Saipem was also a weak spot with its L25 drop to L4,795.

Olivetti, a firm favourite among foreign investors and domestic buyers alike, put on L110 to L10,960 ahead of higher profits.

The rest of Europe was not without its features. The brisk and somewhat unexpected 53 point plunge in the Commerzbank index unsettled Frankfurt as export issues, notably car makers, were marked down swiftly.

Siemens lost DM 30 to DM 753 on reports that the electrical major plans a capital increase through a tender offer, while Daimler retreated DM 37 to DM 1,300 despite Cartel Office approval albeit with restrictions, of its takeover of AEG, which shed DM 5 to DM 303.50.

Petrofina led Brussels higher after the oil group and Belgium's leading industrial unit said that its 1986 earnings would not be hit by the current oil slump since Petrofina "buys more crude than it sells." Its share price jumped BFr 210 to BFr 6,580.

Stockholm finished mixed, Zurich slipped in thin volume and Amsterdam extended its losses at the close.

CANADA

THE MODEST advances recorded after Wednesday's session were fully erased by midsession in Toronto yesterday and most major sectors were easier.

Pagurian class A, which topped the actives, traded C$¼ higher at C$13½ after news that it has C$100m available to expand its financial and management business.

Most sectors were lower in Montreal.

LONDON

Leisurely run-up to new high

AFTER WEDNESDAY'S frenetic session, the pace was more leisurely in London yesterday although buying pushed the FT 30-share index to another record.

Aggressive demand for GEC, up 8p at 192p, helped the FT Ordinary share index rise 3.9 to a peak of 1,212.5. Continued buying of GEC has given rise to talk of a US house building up a share stake, the possibility of the company instigating another buy-in programme and fanciful dreams of a takeover bid from BTR.

Wellcome, which begins trading today, is likely to begin at 30p to 35p over the issue price of 120p.

Gilts were easier with longer-dated issues dropping about ¼ on the day.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 41-42.

AUSTRALIA

NERVOUSNESS ahead of today's current account deficit figures for January, a weaker local dollar and the affects of the lower oil price on market heavyweight BHP pushed prices lower in Sydney.

The fall was the largest in three months and hit industrial stocks the hardest. The All Ordinaries share index faded 15.4 to 1,039.7 and the All Industrials 21.6 to 1,591.7.

BHP ended 12 cents lower at A$6.94. Bell Resources, which has offered A$7.70 a share in a partial takeover bid for BHP, fell 15 cents to A$4.75.

Investment companies were again lower on caution over changes to the countries takeover laws. IEL lost 20 cents to A$7.00 and Adsteam a similar amount to A$11.50.

SOUTH AFRICA

MOST SHARES were mixed to easier in Johannesburg yesterday while golds moved sharply lower as the bullion price faded.

Vaal Reefs lost R2.50 to R229.50, Southvaal R1 to R113 and Western Deep Levels 25 cents to R114.75.

In other mining issues, Anglo American, the country's largest mining house, was steady at R41.50 while Gencor inched up 25 cents to R36.25.

Diamond share de Beers was unchanged at R17.70, Rustenburg Platinum slipped 35 cents to R27.25 and manganese issue Samanco added 10 cents to R7.40.

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